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The BULLETIN is intended to provide a regular review of the economic situation of Asia and the Far East in the intervals between the publication of the annual ECONOMIC SURVEY OF ASIA AND THE FAR EAST. Three issues of the BULLETIN are published annually, in August, November and February, covering the first, second and third quarters of the year respectively, and a Statistical Supplement which includes statistics for the fourth quarter is issued in June. The analysis of economic developments in the fourth quarter of the year is included in the ECONOMIC SURVEY OF ASIA AND THE FAR EAST. In addition to the general review of economic developments in the quarter and the compendium of Asian Economic Statistics on which it is based, the BULLETIN contains special articles on particular subjects related to the problems of the Asian economy.

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REVIEW OF THE ECONOMIC SITUATION IN ASIA AND THE FAR EAST

JULY—SEPTEMBER 1951

SUMMARY

RICE production in South-East Asia, although, in general, unfavourably affected by the monsoon conditions, was believed to be sufficient to meet the minimum requirements of importing countries in the current year. The vegetable oil crops of sesamum and groundnuts showed signs of improvement in Burma, India and Pakistan. Sugar production, although declining in Taiwan, was reported to be increasing in Indonesia, and the Philippines. Tea output in Ceylon and Indonesia, increased but remained stable in India and Pakistan. Improved prospects for cotton were reported in Burma, India and Pakistan, and for jute in India, Pakistan and Nepal. Rubber output, however, registered a further decline.

Coal output in ECAFE countries declined by 3 per cent during the quarter although electricity output increased by 2 per cent. In Japan, while coal output increased by less than 1 per cent, there was a decline in the output of electricity of about 10 per cent, and this situation was aggravated by an increase in demand arising from the Korean war. Iron and steel output showed increases in India and Japan, as well as on the mainland of China.

There was an increase in cotton textile output in both India and Japan. In Japan, however, the industry is likely to have great difficulty, in face of increasing international competition, in reaching the export target of 1.2 million to 1.4 million yards for the year.

The downward trend of demand and prices for the region's raw material exports continued during the quarter under review. This, combined with further relaxation of import controls, brought about either a substantial reduction of positive balances of trade (e.g. in North Borneo, Ceylon, Indonesia and Malaya) or a change from positive to negative balances of trade (e.g. in India, Pakistan and the Philippines). In India, the fall in export proceeds was also attributed to a setback in cotton textile exports, and the need to conserve raw material output for domestic consumption. Thanks to its sound balance of payments position Ceylon was able to lift its import controls and substantially relax its exchange control in order to lower the cost of living. Ceylon, next to Thailand, probably now has less stringent import controls than any other country in the region. Both the imports and exports of Japan decreased during the quarter, this being a reversal of the rising trend since the outbreak of the Korean war. The decrease of exports was chiefly due to the fall of export prices, especially for textiles, while the reduction of imports was mainly because of the monetary stringency and of the unduly large imports during the first quarter of the year. The new Anglo-Japanese Payment Agreement omitted the "dollar clause," with the result that sterling can be more widely used to finance trade between Japan and the Sterling Area as well as some other countries.

With the change in balances of payments, the inflationary tendency in many countries of the region seems to have lessened. In India, there were even signs of a deflationary tendency. However, prices of staple foods were generally increasing, and this will doubtless affect wages. Textile prices fell in most countries, mainly due to previous speculative buying and overstocking, the bumper cotton crops reported from the United States, and the fall in Japanese export prices. The rising prices, or scarcity, of some important commodities made it necessary for some countries to re-institute or strengthen their price controls. The Government of the Federation of Malaya was considering the establishment of a rubber stabilization fund, to combat the present inflation, to prevent future depressions, and to reserve funds for replanting.

PRODUCTION

Food

The Consultative Committee on Rice, at its Singapore meeting in September-October, concluded that monsoon conditions in South East Asia had not in general been favourable to *rice* production. Nevertheless there were fair prospects of sufficient rice being available in 1952 to meet the minimum requirements of importing countries. It may be recalled that Asia's rice crop, which represents 92 per cent of the world total, was estimated to yield 143 million metric tons in 1950/51, as compared with 142 million metric tons in 1949/50.

For 1951/52 the rice crop in Burma is not expected to be larger than for the previous year. In Malaya, the rice crop is expected to be greater than the previous year's, in keeping with the Government's policy of increased rice production. In the Philippines the rice crop is estimated to yield 2.7 million tons, as compared with 2.6 million tons in the previous year, owing to extension of high-yielding varieties, use of fertilizers, increase in irrigation pumps, extension of rice acreage and mechanized farming. In Thailand the 1951/52 crop is estimated to yield 6.3 million tons. Even though current production is considerably less than the 1949/50 output of 6.7 million tons, it is still much above the prewar (1937/38) average of 4.5 million tons.

As regards vegetable oil crops, in Burma, the second forecast for 1951/52 indicated 1.32 million acres of land under sesamum, as compared with 1.2 million acres in the previous year, and 706,000 acres under groundnut, as compared with 664,000 in the previous year. In India, the first estimate for groundnuts placed the current year's acreage at 3.82 million acres, as compared with 3.81 million acres in the previous year. In

Pakistan, judging from the final forecast for 1950/51, there was an increases in the acreage under sesamum from 181,000 acres to 201,000 acres. Although the acreage was increased by only 11 per cent, the crop is expected to yield 34,000 tons, constituting an increase of 36 per cent.

The production of *sugar* in Taiwan in 1950/51 is expected to drop the previous year's crop, in order to allow for an extension in rice acreage. There was, however, an increase in sugar production in Indonesia where the 1951/52 crop was expected to yield about 500,000 tons, as compared with 350,000 tons in 1950/51. In the Philippines also, the 1950/51 crop was estimated to yield 798,300 tons, as compared with 621,400 tons in the previous year. The Government had given considerable financial aid to sugar planters in order to expand output, and a later estimate even placed the output as high as 1.1 million tons which, if realized, would enable the Philippines to export to countries other than the United States wich has a minimum fixed quota of 863,600 tons.

Tea production in 1951/52 expanded in Ceylon and Indonesia, but remained stable in Pakistan and India. In India there was a decrease in tea output in the north, but an increase in the south.

TABLE 1. PRODUCTION OF TEA

(in thousand lbs.)

	Period from 1 April (a)	1950/51	1951/52
North India (b) ..	7 months	438,500	427,400
South India (b) ...	6 months	52,095	67,497
Pakistan (b) ...	7 months	43,643	43,688
Ceylon ...	6 months	151,212	165,057
Indonesia (c) ...	5 months	30,395	42,399

(a) Principal production period for which 1951/52 figures are available.
(b) Unofficial figures, compiled by the Indian Tea Association, United Planters' Association of Southern India and the Pakistan Tea Association, respectively. The figures for North India omit production in the Punjab and Uttar Pradesh (roughly 4 million lbs. a year).
(c) Estate production, including leaf bought from Indonesian peasants and small-holders.
Source: International Tea Committee, **Monthly Statistical Summary**, December 1951.

Raw Materials

In Burma the second forecast for 1951/52 indicated 234,000 acres under *cotton*, as compared with 208,000 acres in the previous year. On the basis of output in six cotton-growing districts, it would seem that the cotton crop will increase by about 40 per cent as compared with last year. In India, according to the second estimate, the acreage sown was 12.3 million acres, an increase of about 21 per cent over the previous year. The non-official crop estimate had originally placed cotton output in India at 3.6 million bales, which was later amended to 3.1 million bales. In Pakistan the second forecast put the acreage under cotton at 3.1 million, as compared with 2.9 million in the previous year; this increase was attributed to favourable weather conditions at the time of sowing and high market prices for cotton. Lord Boyd Orr, Chairman of the Pakistan Agricultural Enquiry Committee, has emphasized the need for Pakistan to double its cotton production. Pakistan's cotton yield per acre at present is 205 lbs. which, though higher than that for India and a few other countries, is much below the 292 lbs. yield for the United States, 368 lbs. for the U.S.S.R. and 572 lbs. for Egypt. The yield in Pakistan could be increased by the use of better seeds and artificial fertilizers and by reducing damage from pests.

In India, raw jute output for 1951/52 was expected to be 4.7 million bales which would be higher than in the previous year. In Pakistan the final forecast for 1951/52 placed the yield at 6.3 million bales of 400 lbs. each, showing an increase of 45 per cent over last year's production due to an increase in acreage and to favourable weather conditions.

In general, the production of *rubber* in the countries of the region during the quarter declined further. In Ceylon rubber ouput during the quarter declined to 24,000 tons, as compared with 25,000 tons in the corresponding quarter of the previous year, owing to unusually heavy rainfall and low productivity of the trees following intensive tapping in 1950. In Malaya, rubber production during the quarter was 50,000 tons; this was 10 per cent less than in the first quarter of 1951 and 19 per cent less than during the corresponding quarter of the previous year. The decline in output was attributed to labour shortages, especially in Borneo and Sarawak, the abnormally wet weather in many districts, and the low productivity, especially of small-holdings.

Although *tin* output in the region did not decline during the quarter, it was relatively low. As compared with the conditions prevailing six months before the Korean war, output had hardly increased, while the price of tin metal in Malaya, though it had been falling recently, was still 46 per cent above the level at that time.

It may be noted that the United States Reconstruction Finance Corporation has announced that a new substitute for tin has been found which may result in a further reduction in prices and help solve the shortage of strategic tin for defence. It is understood that this process consists of cutting and impregnating alluminium foil with plastics.

The output of *coal* in India, Indochina, Indonesia, Korea, Malaya and Pakistan during the quarter was 3 per cent below that of the previous quarter. In Taiwan, output during the first half of the year averaged 127,000 tons monthly as compared with an average of 118,000 tons during 1950.

TABLE 2. OUTPUT OF PRINCIPAL INDUSTRIES & MINERAL PRODUCTS IN THE ECAFE REGION

(Monthly averages in thousand metric tons)

	1950		1951			Relative changes of 3rd Quarter 1951	
	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	3rd Quarter 1950 = 100	2nd Quarter 1951 = 100
Power							
Coal	2.782	2.904	3.165	3.078	2.986p	107	97
Electricity (mn. kwh)	491	517	529	561	574p	117	102
Iron & Steel							
Pig iron & ferro alloys	139	155	146	156	157	113	101
Steel ingots & castings	124	130	124	126	128	103	102
Finished steel	88	90	90	88	93p	106	106
Others							
Tin-in-concentratesp	9.07	8.99	8.48	8.69	8.72	96	100
Cement	249	275	292	305	312p	125	102
Cotton yarn	40.1	42.5	46.1	48.8	50.3	125	103
Sulphuric acidp	9.03	8.92	7.13p	8.3p	8.9p	99	107

a Countries included under each product are as follows:—
Tin-in-concentrates — Burma, China, Indochina, Indonesia, Malaya and Thailand.
Coal — India, Indochina, Indonesia, Korea, Malaya and Pakistan.
Electricity — Hong Kong, India, and Philippines.
Cement — Hong Kong, India, Indochina and Thailand.
Pig iron and ferro alloys, steel ingots and castings finished steel, cotton yarn and sulphuric acid. — India only.
p Provisional.

In India, production of coal declined further during the quarter, being 6 per cent below that of the first quarter of 1951, owing to lack of adequate rail wagons and coastal shipping space, the rise in cargo rates and the necessity for using all available shipping for transport of food grains.

In Malaya, output of coal increased during the quarter by about 3 per cent, to 34,000 tons. It was stated that shortage of skilled labour was preventing the coal mines from satisfying a larger share of the present demand within the country. At present, demand is estimated to exceed production by about 35 per cent.

In Japan, although production of coal increased very slightly as compared with the previous quarter, there wass an acute shortage due to the increased demand. Many industries had expanded rapidly after the outbreak of the Korean war, and coal consumption in all industries was showing an upward trend. The Government had fixed targets in order to raise the nation's total production of coal but these targets were not attained in July and August, and only in September did the actual output exceed the target by 3.7 per cent.

The production of *electricity* in Hong Kong, India and the Philippines increased by 3 per cent during the quarter. In Taiwan, total production in 1950 was 1,040 million kwh, while in the first half of 1951 it was 624 million kwh and was expected by the end of the year to exceed the target of 1,100 million kwh.

In India, although the average was 2 per cent above that of the previous quarter, it began to decline by the end of the quarter, partly due to the scarcity of power supply in the Bombay-Poona area resulting from paucity of rainfall for the Tata Hydro-Electric System.

In Pakistan, in order to regulate the consumption of electrical energy in Karachi, the Government placed restrictions on its use.

In Japan, production was 10 per cent below that of the previous quarter and was declining further towards the end of the quarter. This acute shortage of electric power was due to a long spell of dry weather which resulted in power stations not having enough water in their reservoirs to keep generating at a normal rate. Furthermore the expansion of production in thermo plants was limited by shortage of coal. Officials of the Ministry of International Trade and Industry and the Public Utilities Commission agreed, in September, that power companies affected by coal shortage should receive emergency transmission from those located in other parts of the country and that they should also receive priority in the delivery of coal. In addition, the Government was preparing to enforce certain measures which would revise the power allocation system by increasing the number of consumers subject to stricter control, giving power to those most needing it and reducing supply for ordinary household use. The Government was also planning to give increased allocations of heavy oils to help industries in conserving supplies of coal.

During the quarter, *crude petroleum* production increased in Pakistan by about 2,000 tons. Pakistan Petroleum Limited had begun boring of oil test wells in Baluchistan in October. The Burma Oil Company was producing about 80,000 gallons daily; this was a

post-war record, being about four times the output in the corresponding months of 1949. In Taiwan, gasoline output in the first half of 1951 was 9.4 million gallons, which was about 77 per cent more than the target set for the first part of the year. In Japan, crude petroleum output was reduced by about 3,000 tons.

Manufactured Goods

Production of *iron and steel* in India continued to increase during the quarter. In Japan there were also increases in production of pig iron and ferro-alloys. In the production of steel ingots and castings, however, there was a slight decline at the end of the quarter. On the mainland of China, production of pig iron during 1951 was expected to be 31 per cent above that of 1950, steel ingots 42 per cent and finished steel 78 per cent. Increases in production were also expected in coal, electricity and textiles, due to an increasing rate of operation, the repair of old machinery and a rise in the productivity of labour.

In India, although the quarterly average of *cotton textile* production showed an increase over the previous quarter, by September production had begun to fall. In the fourth quarter of 1951 there may be a marked decrease in output, due to the unexpected shortage of hydro-electric power which necessitated curtailment of production in Bombay mills by about 20 per cent.

In Pakistan, during the 1950/51 season, the consumption of cotton continued to increase, to 140,000 bales of 500 lbs. each, or about 40 per cent above 1949/50 figures. This was the result of an increase in spindles and looms, so that by June 1951 there were 315,000 spindles and 5,330 looms in the country. The Government, in order to achieve self-sufficiency in cotton textile production, approved the establishment of thirty new cotton mills and the purchase of 810,000 additional spindles and 13,000 looms. There was a rise in price of Pakistan cotton; in the latter part of February this reached a peak of $0.61 per lb. for cotton comparable to American middling 15/16". Prices declined somewhat in March/April, but were more or less stable around June/July.

In the Philippines, cotton textile production was approximately the same as in the previous quarter, while in south Korea a decline in ouput took place in July and August. In Taiwan, the 1951 output of cotton cloth was estimated at 1.6 million pieces, constituting a 55 per cent increase over last year's production. In Hong Kong the textile industry, in common with other industries, was experiencing difficulties in obtaining raw materials, especially in view of the ban imposed on the export of American cotton to Hong Kong.

In Japan the high level of output reached in the previous quarter was maintained. Moreover, the industry will have great difficulty in attaining the target export of 1.2 to 1.4 million yards during the coming year, in face of increasing international competition. After the lifting of official restrictions, it was expected that spindleage would be increased from 5.7 million at the end of 1951 to over 6 million in a year's time.

Government Policy, Controls and Assistance

Agriculture

In Ceylon, the Government increased the guaranteed price for paddy from Rs. 8 to Rs. 9 per bushel, with effect from August, in order to assist paddy cultivators. Maize production was also increased under the stimulus of guaranteed prices. During the year 1951/52, the Government was prepared to appropriate Rs. 500,000 for the guaranteed price scheme, in addition to the allocation of Rs. 3.5 million for assisting the cultivators to increase paddy production.

In India, the Government, on 24 August, fixed differential prices for different varieties of cotton, following an earlier decision in June to raise the basic ceiling prices of cotton for the 1951/52 crop by Rs. 50 to Rs. 820 per candy. Six superior varieties were, however, exempted from the operation of cotton control during 1951/52 in order to encourage their growth.

In Pakistan, the Government announced its policy for the 1951/52 season to maintain fair prices for jute in order to give adequate returns to the cultivator. The Minister for Commerce, Labour and Industries of the Government of East Bengal assured jute growers that prices this year would not go down as in the previous year, and that the Government would not nationalize the industry.

In Thailand the Ministry of Agriculture applied for a 6 million baht budget for special agricultural assistance in 1952, as compared with 500,000 baht in 1951, for the purchase of seeds for distribution to farmers and for aid to live-stock breeders. In addition, 1.7 million baht was requested for helping the farmers.

Industry

In Burma, the Government reached an agreement with the Burma Oil Company to take a one-third share in a new company to operate the oil industry. Of the £5 million required, it had obtained a loan of £2.5 million from the British Government for immediate payment, with the balance to be paid by instalments over a number of years. On 17 October, the Government reached an agreement with the Burma Corporation for 50 per cent participation in a new company to be formed under the name Burma Corporation (1951) Limited. The old Burma Corporation owned lead and

zinc mines in Upper Burma and, in 1938/39, the latest year for which full production figures were available, had produced 6.2 million ounces of silver, 77,000 tons of lead, 61,000 tons of zinc concentrates.

In Ceylon, the Government approved the setting up of a corporation with a capital of Rs. 100,000 to promote local handicrafts. It also gave protection to the glassware industry under the Industrial Products Act.

In India, the Government gave permission to the Burma Shell Group to install a 1½ million ton refinery at Bombay, and assurances to exempt it from compulsory acquisition for a period of 25 years and also from certain sections of the Industries (Development and Regulation) Act. It had also reached an agreement with the Standard Vacuum Oil Company and with the Caltex Co. for the establishment of oil refineries. These three companies would be allowed to import their own crude oil duty-free for a period of 30 years. Of the capital of $35 million which would be required for the establishment of refineries by Standard Vacuum, the £15 million by Burmah Shell and perhaps an equal sum by Caltex, only 25 per cent of each company's capital subscription, in the form of cumulative preference shares, is to be open to Indian nationals.

In Indonesia, the Government announced its plans to nationalize electric power companies.

In Pakistan, the Government, in view of lack of interest by private enterprise, decided to develop the steel industry by an investment of Rs. 63.5 million. This should secure an annual output of 210,000 tons, which would meet about two-thirds of the country's requirements. The cotton textile industry presented its claim for protection to the Tariff Commission. It may be noted that present production, 500 million yards per year, can meet only a part of the country's requirements.

In the Philippines, the Government in April 1951 passed an executive order granting tax exemption under Republic Act No. 35 to industries which qualified as "necessary". It appointed an inter-departmental committee to prepare a national programme for the promotion and development of cottage industries with the assistance of the United States Economic Co-operation Administration.

In Thailand, the Government decided to nationalize the wolfram mines when the present concession expires and to increase its production and supply of wolfram to the United States. The Government was also planning to promote twenty-three types of home industry, including hand-weaving, dyeing, umbrella-making and knitting, at a cost of 4.5 million baht. The Government Policy Executive Committee appointed a sub-committee to study the problems of textile production and trade with a view to meet domestic requirements.

INTERNATIONAL TRADE

The Balance of Trade

During the quarter under review, weak foreign demand for, and consequently low prices of, raw material exports, as well as continuous relaxation of import control in most countries of the region, combined to bring about either a substantial reduction in positive balances of trade or a change from positive to negative balances. North Borneo, Burma, Ceylon, Indonesia and Malaya were among those with reduced positive balances, while Hong Kong, India, Pakistan and the Philippines had negative balances. In the three states of Indochina, although exports, chiefly rice, increased, a greater increase in imports resulted in an increased negative balance of trade. Thailand and Japan were exceptions to the trend.

Many factors accounted for these changes of which the more important were a reduction in international tension, the prospect of peace in Korea, and the reduced scale of stockpiling. If there is a prolonged period of rearmament, which would further increase the prices of manufactured goods, and if prices of raw materials cannot be increased because of past stockpiling and a consequent reduction in the scale of foreign purchases, countries in the region may again experience a period of negative balances of trade necessitating a tightening of import controls.

Changes in Total Exports

The downward trend of the prices of the region's raw material exports continued during the quarter under review. As can be seen from the chart, prices of raw materials, such as rubber, tin, copra, coconut oil, cotton and jute, which had risen most, had, except jute, also fallen most since February and March, although there was a slight revival for some towards of the end of the quarter. On the other hand, prices of some food items, such as rice and sugar, which had been comparatively stable, showed a steady but moderate increase. The price of tea continued to decline. There were several reasons for this divergent price movement of food and raw materials. The weakening of the fear of an immediate outbreak of a general war, which was widespread last autumn, had given way to expectation of a prolonged period of rearmament. Stockpiling purchases of rubber and tin by the United States had been substantially reduced. The bumper crops of cotton and soya bean also affected the prices of Pakistan cotton as well as of copra and coconut oil exported from Ceylon, the Philippines and Indonesia.

TABLE 3. INDICES OF TOTAL VALUE, QUANTUM AND UNIT VALUE OF IMPORTS AND EXPORTS (in national currency)

(January-June 1950 = 100)

		Total Value		Quantum		Unit Value		Terms of Trade [a]	Balance of Trade (monthly averages in millions)
		Import	Export	Import	Export	Import	Export		
N. Borneo									(M$)
1950	III	130	158						+ 4.3
	IV	178	226						+ 6.4
1951	I	161	230						+ 7.1
	II	202	199						+ 4.2
	III	198	173						+ 3.0
Burma									(Rs.)
1950	III	144	120	203	121	93	101	92	+ 24
	IV	206	91	278	125	47	126	37	— 13
1951	I	171	141	207	194	50	128	39	+ 29
	II	133	168	134	214	62	134	46	+ 57
	III	197	140	225	173	62	133	47	+ 19
Cambodia, Laos and Viet-Nam									(Pr.)
1950	III	166	145	147	100	105	143	73	— 298
	IV	136	151	131	114	103	133	77	— 233
1951	I	134	221	118	141	112	154	73	— 158
	II	150	190	124	151	119	129	92	— 235
	III	208	215	169[b]	166[b]	117[b]	132[b]	89	—378
Ceylon									(Rs.)
1950	III	109	130	105	117	99	109	91	+ 36
	IV	103	157	92	117	105	131	80	+ 71
1951	I	124	166	114	109	108	143	76	+ 61
	II	149	154	130	112	121	141	86	+ 24
	III	143	136	109	108	132	129	102	+ 10
Hong Kong									(HK$)
1950	III	107	146						+ 53
	IV	147	173						+ 6
1951	I	159	214						+ 72
	II	151	177						+ 6
	III	122	113						— 67
India									(Rs.)
1950	III	123	102	127	100	98	100	98	— 58
	IV	106	135	100	130	106	102	104	+ 143
1951	I	137	168	113	149	121	110	110	+ 155
	II	167	163	132	103	127	156	81	+ 19
	III	173	145	139	86	126	165	76	— 80
Indonesia									(R)
1950	III	140	181				144		+ 156
	IV	206	198				185		+ 120
1951	I	150	171				236		+ 131
	II	209	314				197		+ 302
	III	401	237						+ 1
Malaya									(M.$)
1950	III	142	188	124	132	114	144	79	+ 119
	IV	179	267	128	133	141	204	69	+ 212
1951	I	228	289	155	125	148	235	63	+ 165
	II	218	281	156	127	142	226	63	+ 168
	III	198	206	142	119	141	175	81	+ 50
Pakistan									(Rs.)
1950	III	149	123						+ 9
	IV	166	125						— 1
1951	I	185	305						+ 162
	II	154	141						+ 24
	III	174	80						— 52
Philippines									(P.)
1950	III	95	126	74	113	105	112	94	— 1.5
	IV	80	147	72	128	111	119	93	+ 18.4
1951	I	95	176	83	145	115	122	94	+ 22.1
	II	123	166	96	135	128	112	114	+ 0.3
	III	144	132	107	112	137	116	118	— 28.7
Thailand									(Baht)
1950	III	105	113						+ 70
	IV	115	120						+ 68
1951	I	123	151						+ 135
	II	143	123						+ 13
	III	137	132						+ 49
Japan									(U.S.$)
1950	III	87	130	88	126	99	103	96	— 0.1
	IV	114	178	97	149	120	118	102	+ 3.1
1951	I	159	178	156	126	138	140	99	— 32.9
	II	276	232	168	141	153	164	93	— 98.3
	III	231	194	177[c]	136[c]	157[c]	166[c]	95 [c]	— 82.6

a. Index of Unit Value of imports divided by that of exports. b Averages of July and August. c. July only.

The divergent price movements of food and raw materials and the changes in their export volume affected in varying ways the total value of exports from countries of the region. In the raw material exporting countries, namely, North Borneo, Ceylon, Indonesia, Malaya, Pakistan and the Philippines, export values decreased during the third quarter of the year. The reduced export of rubber and tin affected particularly Indonesia and Malaya, that of cotton and jute Pakistan, and that of copra and coconut oil Ceylon and the Philippines. The lower prices of, and weaker demand for, rubber also affected North Borneo, Ceylon and Thailand while Indonesia was affected by similar developments in respect of copra and coconut oil.

In two major rice-exporting areas, namely, Indochina and Thailand, the total value of exports increased during the quarter, mainly as a result of larger quantities exported. The export price of rice from Thailand was primarily fixed by the bulk sale contract concluded early in the year.

The fall in exports from India was attributed to a setback in cotton textile exports. It was also attributed to the increase in internal consumption or a reservation for the domestic market in view of the rising prices.

Since partition, India has ceased to be primarily an exporter of raw materials. As the country's export trade has come to consist more of manufactured goods, there has been a tendency to place restrictions on exports of raw materials and give preference to the export of manufactured goods. In the formulation of export policy, the Government of India has to consider, on the one hand, the need to balance imports and to supply overseas markets, and on the other, the necessity of maintaining domestic consumption and industrial production. In the third quarter, the export of more industrial raw materials including dry-paint pigments such as zinc-oxide, white and red lead, deodorized castor oil, plastic raw materials, was prohibited. Exports of copper oxide, sulphuric, hydrochloric and nitric acid, belting machinery, etc. were also brought under control.

Prices and Exports of Principal Commodities

The quantity of *rubber* exports from the region decreased substantially during the third quarter, owing mainly to smaller exports from Malaya and Indonesia. The price of rubber settled at a much lower level than the peak reached in February and showed a slight increase toward the end of the quarter. A'though the scale of purchases has been reduced, it seems that the United States has not yet attained its target for stockpiling, as two bulk buying contracts were concluded with Indonesia and Thailand during the quarter. Under the Indonesia-United States agreement, Indonesia agrees to ship to the United States, from the Government-owned plantations, 1,200 tons of raw rubber each month for a period of eighteen months beginning September 1951. Under the Thailand-United States agreement, the Government of Thailand assured the availability of 125,000 tons of natural rubber of standard RMA grades during the eighteen months period July 1951 through December 1952. It is estimated that the amount of rubber exported under this agreement will represent about two-thirds of the anticipated output for the period. Ceylon was not among the countries affected by the United Nations General Assembly's resolution banning shipment of strategic materials to the China mainland, and in early October, about 5,500 tons of rubber were shipped there. It is reported that prices paid were considerably higher than those in the world market.

Meanwhile, in order to help finance government plans to increase production of synthetic rubber, the price of synthetic rubber in the United States had been raised by six per cent at the end of August, and general purpose synthetic rubber was sold to industry for 26 cents a pound. Even this new price—the second increase in eight months— was only half the price of natural rubber. It is reported that the production of synthetic rubber will be increased from 760,000 to 860,000 long tons a year. Production of synthetic rubber in Canada is running at over 60,000 tons a year.

In late July, the Reconstruction Finance Corporation (RFC) of the United States announced that agreement had been reached to pay Bolivian *tin* producers $1.12 a pound. This price is 6 cents above the level of $1.06 at which the RFC had purchased tin since the middle of June. It is stated that the higher price offered for Bolivian tin was due to the higher costs of extracting the ore at very deep levels, mostly by hand. The RFC's official view seems to be that the mining of the metal in other countries, such as Malaya, Indonesia and Belgian Congo, was not so expensive because the ore was nearer the surface, and dredges and other equipment could be used. The price of tin metal in Singapore showed a slight recovery after August and the quantity of exports also increased. With RFC stock of 23,000 tons, smelter output of 55,000 tons and consumers' additional stock of 10,000 to 15,000 tons, American supplies of tin available in the next twelve months may reach 88,000 to 93,000 tons. Consumption in the United States has been running at about 70,000 tons, but is likely to be reduced by at least ten per cent, as a result of the restrictions imposed on the use of tin. Thus supplies would meet consumption and leave a surplus, without touching the large strategic reserve. The future of tin price seems vulnerable.

Prices of *copra* and *coconut oil* had fallen since March 1951 and had remained at a rather low but stable

level throughout the quarter. Factors contributing to the fall in prices were the anticipation of fairly large coconut crops during the summer, rumours of Korean peace and reports of bumper crops of cotton and soya beans in the United States. However, the report of a floor price for cottonseed oil planned by the United States Government helped to stimulate domestic prices in the United States and consequently the prices of copra and coconut oil. Exports of copra and coconut oil from the region during the quarter showed an increased compared with the last quarter.

The prices of raw *cotton* during the quarter continued the falling trend started in May, owing to the prospect of a better crop in the United States which may raise the world output from 27 million bales to 33 million bales. Pakistan's new crop was expected to be between 1.60 to 1.65 million bales, about 100,000 bales more than 1950/51 crop. In order to make Pakistan cotton more competitive on the world market and to maintain exports, the Pakistan Cotton Board announced on 10 September the resumption of forward trading and the reduction of export duties on cotton. The duty on short staple desi varieties had been reduced from Rs.300 to Rs.100 per bale of 400 lbs. and on other staple types of cotton from Rs.300 to Rs.180 per bale.[1]

Tea had fetched successively lower prices since March. During the quarter, the price was about 20 per cent below that before the Korean war. On the other hand, the cost of production still remained high. The production cost of tea in Pakistan was reported to be about one rupee a pound, while the price of tea was between 8 and 14 annas. As a result, as many as 13 tea estates had been compelled to close down, while many others had found it difficult even to pay wages to their labourers. The Pakistan Government had increased the tea export quota from 25 to 30 million lbs., with a further increase expected owing to large accumulated stocks.

Exports of *rice* from Thailand in the third quarter of 1951 rose to 388,000 tons, as compared with 347,000 tons in the corresponding period of 1950. However, the Government of Thailand was having difficulties in fulfilling bulk rice sale contracts with foreign governments. Export shipments, for which contracts had been signed, were delayed earlier in the year by the drying up of canals which affected water transporation of paddy to Bangkok. In order to enable the Government to catch up with delays in the fulfilment of its contracts and bring down the present high level of internal prices, "free export" of rice by private traders had been banned since 17 September. The prohibition of "free export" of rice would affect particularly Hong Kong, Singapore, West African territories, the Persian Gulf and some European countries.

Changes in Imports and Further Relaxation of Import Controls

The continued relaxation of import restrictions since late 1950, as reported in earlier issues of the *Bulletin*, resulted in an increase of imports during the quarter in Burma, India, Indonesia, Pakistan, the Philippines, and other countries. Imports into Malaya and Thailand during the quarter, however, showed a decrease and to a lesser degree in North Borneo and Ceylon.

The most significant change in import control during the quarter was the lifting of import control in *Ceylon*. Ceylon, next to Thailand, is now the only country in the region with very limited import control. The main arguments for the lifting of import and exchange restriction were the substantial positive balance of payments position and the desire to lower the cost of living. Early in July it was announced that import control had been removed with immediate effect on all except a few items which would remain under licence on account of restrictions in the exporting countries and the need for protection of local industries. Import of non-essential and luxury goods from dollar sources including Japan was still under restriction.

A wide range of essential and semi-essential consumer goods were thus freed from any form of control from both dollar and non-dollar sources, in order to lower the cost of living. They included beans, gram, oats and pulses, currystuffs, milk foods of all descriptions, potatoes, certain fuel oil and fats and greases. The necessity to encourage the building industry in order to ease the housing shortage was responsible for the lifting of control on imports of building materials and accessories including timber, cement, electrical goods, iron steel and alluminium hollow ware. As a further incentive to the rehabilitation of plantation and increased local production of food, import restrictions were relaxed on fertilizers of all kinds, excluding sulphate of ammonia which came under a destinational quota system in the producing countries. Among other items freed from import control which are likely to promote the development of local agricultural enterprise are plant seeds, agricultural machinery, including tractors and other implements for ploughing, and bull-dozers for clearing jungle-infested lands, and pumping machinery. Import restrictions on electrical machinery and industrial machinery of various kinds, machine belting and machine parts and tools, were also removed

1. It may be recalled that early last season the Pakistan Government raised the export duty to Rs.300 in two stages. The first increases on 23 October 1950 raised the duty from Rs.40 for short staple and Rs.60 for other varieties to a uniform rate of Rs.180 per bale. The second increase from Rs.180 to Rs.300 per bale took place a month later on 25 November 1950, due to the advantageous position enjoyed by Pakistan cotton after the Korean war and the tight world position of cotton supplies.

so as to encourage the industrial development of the country. In order to ensure the regular and economic working of the several thousand handlooms in the country, cotton yarn and twist were similarly treated. Restrictions on imports essential to the plantations and to Ceylon's export production were also removed. Items in this category include acetic and formic acid, tea and rubber processing machinery, tea chests and metal fittings for tea and other chests. The fishing industry also received a stimulus through the relaxation of import control on various items of fishing gear, such as sail cloth, canvas linen, fishing nets, etc. The full effects of the removal of import control will probably be felt only after a few months. Many importers are preferring to follow a "go slow" policy rather than rush to place larger orders. This caution is dictated by the recent increase in price of most goods in the exporting countries and the delay and difficulties experience in obtaining shipping space together with the increase of freight charges. The relaxation of import control will also affect Ceylonese traders who entered the foreign trade business when import control was in force, since they will meet the competition of foreign firms with large capital.

Following the lifting of import control, exchange control was also relaxed in Ceylon. Since 19 September, no permits have been required for small remittances abroad. Larger sums may be sent on production of ration books, and people with bank accounts may remit Rs.1,000 a month for personal purposes. The money may not be used for investment abroad. Ceylon nationals who leave Ceylon to live permanently elsewhere in the Sterling Area will be permitted to transfer all their approved assets to their new country of residence.

In *Burma*, import restrictions were further relaxed with respect to soft currency areas. On 6 August, it was announced that general permission would be given to all persons to import fourteen groups of commodities, including coal, other fuels, kerosene, mineral oil, lubricating oils, motor spirit, base metals, asphalt, etc. from any country other than Canada (including Newfoundland) and American Accounts countries, provided they were also made or produced in countries other than Canada and American Accounts countries. Hitherto they were only importable from the British Commonwealth and certain other countries.

In the *Philippines*, a new Import Control Bill took effect on 1 July for a period of two years. This bill incorporates all the recent enactments concerning import control. All imports, with a few minor exceptions, are to be licensed and subject to foreign exchange availabilities. The Monetary Board of the Central Bank of the Philippines shall certify and publish every six months the value of foreign exchange available for importers during the corresponding period. The foreign exchange thus available is allocated to the Import Control Administration and the Price Stabilization Corporation. All imports, which previously were decontrolled by executive orders, will continue to be decontrolled, and all other imports are considered as controlled and are divided into essential and non-essential imports. A list of essential imports is appended to the new Import Control Law which may be subjected by the Board of Directors of Price Stabilization Corporation to a system of controls and rationing in their distribution. Early in July the Monetary Board of the Central Bank allocated to the new Import Control Commission $137 million of which $94 million was for essential imports and $43 million for non-essential imports to cover the second half of 1951. Later on, the Import Control Commission allocated the dollars thus available on the following basis: for the needs of the various government departments, offices and agencies, 25 per cent, mainly for stockpiling; for *bona fide* producers and new industres which should be encouraged, 25 per cent, for new mports, 10 per cent and for *bona fide* old importers, 40 per cent. In late August, imports of many food items, petroleum products, raw materials required in local manufactures, and medicines were decontrolled. Control on imports financed by ECA aid was also removed. However, imports of 56 classifications, including food, which are being grown locally and manufactured articles, which can be produced locally in sufficient quantities, are still banned. In late September, an additional $5 million for imports in the second semester was made available to the Import Control Commission from the Monetary Board of the Central Bank.

In *Malaya*, imports of many items have been allowed or licensed freely. Among those licensed freely from hard currency sources in July and August were copper wire, canned salmon, refrigerators, films and out-board motors. Among those licensed freely from Japan in August were bicycles and bicycle spare parts, ball bearings, portable gramaphones, cameras, watches and clocks, fountain pens, and pencils, cigarette lighters, bicycle tyres and tubes, glass-ware, porcelain ware, china-ware and textiles.

In *India*, in August, it was decided that imports of American cotton and soft currency cotton (excluding East Africa cotton purchased under government agreement and Pakistan cotton) were to be freely licensed on the evidence of prior sale to mills. A limited quantity of imports was also to be licensed even without such evidence.

The Supply Problem of Raw Materials and Capital Goods

While stockpiling resulted in high prices and scarcity of raw materials,[1] rearmament programmes created shortages of exportable capital goods. The industrialized countries are concerned over the high cost of production caused by the high prices of raw materials, but the underdeveloped raw material producing countries are also complaining of the shortage and delay in delivery of capital goods. The industrialized countries desire stable and "fair" prices for raw materials, while the raw material producing countries demand a larger supply of capital goods, without which the production of raw materials can hardly be expanded and the development programmes will also be impeded. It is difficult to assess the problem without detailed information on capital supply to underdeveloped countries and on delays in delivery. However, views expressed at the British Commonwealth Materials and Supply Conference held in late September in London and at the ECAFE Trade Promotion Coeference in early October in Singapore throw much light on this problem. In the Commonwealth Conference the British Minister for Raw Materials stated that the rearmament programme undertaken by the United Kingdom and certain other Commonwealth countries would undoubtedly affect production and supply of capital equipment badly required by the underdeveloped countries. In fact, the supply of capital equipment to Pakistan and other countries of the region might be gravely curtailed until after the fulfilment of the rearmament needs. As to the prices of raw materials he felt that there must be stability if inflation were to be avoided and, in the interest of both consumers and producers, there must be an understanding about prices which would be fair to both and lead to orderly buying. Pakistan, however, reserved its position in regard to the proposal to "stabilize" the prices of raw materials and did not want any outside interference with the prices of its commodities.

The following facts were also brought out at the ECAFE Trade Promotion Conference. In the Philippines, the increased defence preparations and stockpile programmes had affected the rehabilitation of its agricultural economy, though not to a precarious extent. In Indonesia, traders had experienced difficulties in placing orders for goods and in many cases the goods were not available or were available only in limited quantities. Burma had also been experiencing serious delay in the delivery of goods. In Thailand, the effects of rearmament on the supply of building materials and capital goods had been felt. In Ceylon, the supply position in respect of several commodities, such as iron and steel and chemicals, was becoming gradually worse.

On the other hand, the supplying countries, including France, the Netherlands, the United Kingdom and the United States, expressed the view that, while the supply position was difficult, it was not as serious as might have been anticipated. The USSR stated that it was in a position to supply several categories of equipment to countries of the ECAFE region in exchange for specific commodities, and that it would support a system of bilateral trade agreements based on mutual advantage and not involving interference with the internal affairs of member governments.

Increases in Shipping Freight Rates

More shipping lines increased their freight rates during the quarter on account of the continuous increase in operating costs. The increase in shipping freight rates will, on the one hand, raise both costs and prices of imports and exports and, on the other hand make countries in the region pay more on their international accounts, as virtually none of them own ocean shipping lines.

In Ceylon, as early as 1 May 1951, the United Kingdom and Continental Shipping Lines announced the imposition of a 25 per cent surcharge on all imports into the island from the United Kingdom—the first rise since 1944. The imposition of this surcharge is said to be justified on the ground that recent unprecedented congestion and delays in loading and unloading of ships in Colombo harbour had unduly prolonged the turn round of cargo vessels and had thereby increased operational costs. It is reported that, from 1 September, the United Kingdom and Continental Lines had decided to increase cargo rates by 15 per cent, in addition to the surcharge on the existing basic freight rates. The proposed increase is part of the general stepping up of cargo rates to ports in Pakistan, India and Ceylon. Meanwhile, the Coastal Conference Lines, which have entered into a contract with the Ceylon Government for bringing rice from Burma, have revised the freight rate to Rs.35 per ton, or Rs.11 above the rate for the last nine months. The new rate, if accepted, will cost the Government nearly Rs.5 million on freight charges.

In Thailand, freight rates for general cargo to the United States were due for new increases on 1 December. Earlier this year they had been raised by 10 per cent, and were to be increased by another 10 per cent. Increases in operational and maintenance costs have forced shipping lines to consider increasing freight rates on most routes. The rate for United States-bound rubber will be raised from the present $32 to $35.5 per 2,500 lbs. The rate for rice to Singapore has been raised from M$20 to M$22 per ton. Rates for timber

1. Although the prices of some, raw materials have fallen since early 1951, they are still higher than the pre-Korean war levels.

to India and Ceylon have also been raised. Inward general cargo rates from Hong Kong are to be increased soon. Both outward and inward cargo rates on the Japan-Thailand route, however, have remained steady because of keen competition. In the Philippines, the Associated Steamship Line decided upon a 10 per cent increase in rates for outgoing cargo except for copra, lumber logs, sugar and oils, effective from December 15. Proposed increases for those commodities were under discussion and a final decision had not been reached by the end of September. The Pacific Coast Conference decided on an increase for incoming cargo on an average of 10 per cent effective from 1 November. In connection with the increase on outgoing cargo both the Government and the producers contended that certain Philippine exports were already meeting stiff competition from overseas and that any increase in their cost in the world market would jeopardize the much improved total value of exports noted over the past year. The Government was considering withdrawal of government-owned vessels from the Associated Steamship Line, an organization of 18 foreign and Philippine shipping operators, which had announced the impending increase.

The Foreign Trade of Japan

Both exports and imports of Japan decreased during the third quarter, reversing the rising trend since the outbreak of the Korean war. The decrease of exports was attributed to the fall of export prices and the increasing cancellation of export contracts. Especially noted was the fall in export prices for textiles, the index for which fell from 151 in May to 117 in August. This fall caused contract calcellation, which gave rise to further falls in prices; as a result, the Japanese Ministry of International Trade and Industry decided to revise partially the export trade control ordinance, which, effective from 25 July, added cotton yarn, cotton fabrics, rayon yarn, rayon fabrics, staple fabric yarn and fabric, etc. to a list of articles requiring government approval for export, with a view to checking needless competition among exporters and stabilizing prices. However, the foreign importers, in anticipation of future weakness of prices, were not buying more. Export of other commodities, especially chemical products, also decreased, mainly because of the low export of ammonium sulphate to Taiwan.

Japan's imports were restricted by the amount of foreign exchange available. Each quarter the Foreign Exchange Control Board announces a foreign exchange budget which specifies the amount of import exchange appropriation. During the third quarter of 1951, the budget for imports was $533 million, about $80 million greater than that for the previous quarter. The fund was allocated as follows: $338 million for the dollar area, $120 million for the Sterling Area, and $74 million for the open account area. Emphasis was placed on the budget allocation for cotton and other textile materials and staple foods. Most of the principal imports, such as cotton, wool, pulp, iron ore, coking coal and salt, were shifted from the automatic approval group to the fund allocation group. Although the foreign exchange appropriated for the quarter had been increased, the actual imoprts were nevertheless smaller than in the second quarter, and represented only 68 per cent of the foreign exchange appropriated. Many factors accounted for this reduction in imports, of which the major ones were (a) excessive imports during January to March 1951 in anticipation of buying difficulty in future, especially of fats and oils, crude rubber, and hides and skins; (b) importers' expectation of future declines in international prices; and (c) the shortage of Yen fund from the Bank of Japan available to importers arising from the increasing internal monetary stringency.

The major problem of Japanese foreign trade in the near future will still be the shortage of dollars caused by the pattern of imports from America and exports to Asia. The peace treaty will no doubt restore autonomy and a greater degree of normality to the Japanese economy, but it will also close the United States aid account. It is, therefore, essential not only to increase dollar earnings but also to economise the use of dollars, for instance, by shifting import sources to non-dollar areas. The Economic Stabilization Board has already worked out a plan to purchase about $40 million worth of food and raw materials from non-dollar areas.[1] It is hoped that exports to South-East Asia and South Asia will increase through the United States aid to these areas and that the conclusion of a new sterling payment agreement will increase both expots to and imports from sterling area countries.

In order to maximize trade possibilities with South and South East Asian countries, a number of Japanese traders and commission agents have established themselves in several important markets, e.g. Thailand, Malaya. Taiwan, Hong Kong and Pakistan. The Japanese Government has also appointed trade agencies in Burma, Taiwan, Indonesia, Pakistan and Thailand. Numerous Hong Kong traders are receiving enquiries

1. The outline of the plan is: (1) To purchase 120 000metric tons of wheat from Burma and Indochina instead of the United States, to buy more rice from Indochina and to switch over to Malaya and Goa from the United States 350,000 metric tons of iron ore imports. By these steps $20 million in foreign exchange will be saved. (2) To import 20,000 tons of sugar from Indonesia and 50,000 bales of raw cotton from Pakistan instead of Mexico so that about $15 million may be economized. (3) To buy 150,000 metric tons of salt from Indochina, Thailand and Indonesia instead of the United States, Mexico and Turkey, with a view to saving $3 million (4) To switch imports of hides, skins, linseed, soya beans, etc over to the sterling and open account areas from the dollar area, to save $4 million.

for quotations and catalogues from Japanese exporters covering wide variety of goods. Shipping lines have already resumed operation along the south-east Pacific and Indian oceans. In September, a Japanese Economic Mission was sent to Pakistan to study the development of commercial relations. This mission has been trying to find out the types of textiles which will meet local needs and the capacity of the market, as well as Pakistan's machinery requirements for the implementation of its two-year and six-year plans of industrialization.

Recently, Japan has been partially exempted from the terms of the ban on U.S. economic aid for countries found to be sending strategic materials to designated countries. The National Security Council of the United States in its report said that Japanese trade with China was necessary and that a permanent loss of the Chinese market would be seriously detrimental to Japan. Accordingly, a new trade formula to reopen transactions on a limited scale with the mainland of China was worked out and put into effect on 20 September by the Ministry of International Trade and Industry. According to this formula, Japanese traders can export cotton yarn, cotton textiles, rayon and its products, and staple fibre goods (except for cotton tire-cord, cloth for balloons or parachutes, rayon tire-cord or the like that could be used for those purposes), to the mainland of China, Hong Kong and Amoy. Export of cotton cloth and yarn to the mainland of China will be permitted only for barter against coking coal, iron ore, soya beans, salt and other items vitally needed by Japan. Chemical fibre cloths and yarns may be exported to the mainland of China wihout restorting to the barter system if payment be made in U.S. dollars. This arrangement may prove a very significant advance towards the revival of Sino-Japanese trade, as the exchange of textiles against Chinese coking coal and iron ore has in the past been one of the major items in Japan's foreign trade. Japan's steel industry is particularly interested in Chinese coal because its own coal fields produce little coal suitable for steel making and China is the only source of coking coal within a reasonable distance. The embargo on trade with mainland China imposed after the outbreak of the Korean war forced the Japanese to buy coking coal from the steel works in America, and even in more distant countries, at nearly double the Chinese price and with a serious aggravation of shipping shortage. The Ministry of International Trade and Industry hopes to obtain 300,000 tons of coking coal and 100,000 tons of iron ore from mainland China during the current fiscal year, and permission has already been granted for an import of 38,500 tons of coal. However, these figures are small in comparison with those of previous years.

The new Anglo-Japanese Payment Agreement was signed on 31st August for 12 months from 1 September 1951, replacing the agreement of 31 May 1948. The previous payment arrangement with Japan was dominated by a dollar clause. Japan was in fact a monetary extension of the dollar area, and the Yen had, therefore, to be treated by sterling countries as a hard currency. It is true that trade between Japan and the Sterling Area was transacted in sterling, but only on the understanding that SCAP, on behalf of Japan, would not be expected to hold larger amount in sterling than was required as a necessary working balance. A balance of £17,000 was allowed before the dollar or gold convertibility clause came into operation. In the new agreement this dollar clause was dropped, without however implying that there would be unlimited "swings" in the payment arrangement between the Yen and the Sterling Area. Measures would be taken to keep the swings within reasonable bounds. But these measures would not be as restrictive as the dollar clause in the old agreement. In order to keep Japan's sterling balance within reasonable limits, Japan would have opportunities to make and receive payments in sterling to and from a wide range of countries outside the Sterling Area under the system of administrative transferability. The Bank of England's approval would be given for any sterling payment by Japan in settlement of direct current transactions with any country in the transfer account system and with certain additional countries. Furthermore, the new agreement includes Hong Kong, which was excluded from the previous payment agreement. All Japanese trade with Hong Kong was previously conducted on the open account dollar basis. Now Hong Kong will be treated as a sterling area country so that its trade will form part of the balance of the whole Sterling Area with Japan. Thus the favourable balance which Hong Kong had under the old agreement will in fact be at the disposal of the rest of the Sterling Area. The agreement does not draw Japan into the Sterling Area but, as far as trade with sterling countries is concerned, it takes Japan out of the dollar area. The Sterling Area has been an important export market for Japan up to the present, and Japan's sterling holdings have been apt to accumulate. The new payment agreement will no doubt result in an expansion of trade between Japan and sterling area countries.

PRICES

Price Movements

Although general price levels in most countries of the region were still increasing during the third quarter of 1951, the rate of increases were reduced, mainly because of a check to the export boom and its accompanying monetary expansion as well as the relaxation of import controls. In *India*, there were even signs of a deflationary tendency, with falling wholesale prices,

TABLE 4. PERCENTAGE INCREASES IN MONEY SUPPLY AND PRICES[a]

(Quarterly averages as compared with that in previous quarter)

		Currency	Deposit money	Bank clearings	Wholesale prices	Cost of living
Burma						
1950	IV	— 3	—10	— 4	6	—11
1951	I	18	— 3	15	— 7	— 1
	II	8	13	— 9	13	3
	III	—11	4	— 3	12	11
Cambodia, Laos and Viet-Nam c						
1950	IV	3	10	. .	2	3
1951	I	11	8	. .	3	1
	II	6	14	. .	6	5
	III	6 b	1	. .	1	4
Ceylon						
1950	IV	12	12	— 4	. .	0
1951	I	12	20	14	. .	2
	II	3	2	3	. .	0
	III	3	— 6	2	. .	— 1
China (Taiwan)						
1950	IV	— 1	— 9	. .	25	8
1951	I	17	3	. .	18	8
	II	25	25	. .	9	3
	III	5 b	—16 b	. .	7	11
Hong Kong						
1950	IV	1	. .	12	. .	0
1951	I	0	. .	3	. .	8
	II	— 1	. .	— 5	. .	2
	III	0	. .	— 3	. .	2
India						
1950	IV	1	1	3	1	— 2
1951	I	8	1	27	4	3
	II	4	1	6	7	1
	III	— 8	— 1	—10	— 1	— 3
Indonesia						
1950	IV	18	26	. .	. .	8
1951	I	10	24	. .	. .	50
	II	9	3	. .	. .	— 6
	III	2 b	—2 b	. .	. .	11
Korea, South						
1950	IV	. .		528		66 d
1951	I	. .		80		91 d
	II	8		208		31 d
	III	33 b		81		17 d
Malaya						
1950	IV	27	. .	. .	. .	6
1951	I	16	. .	. .	. .	12
	II	7	. .	. .	. .	2
	III	1	. .	. .	. .	2
Pakistan						
1950	IV	9	— 7	9	. .	0
1951	I	17	5	51	. .	3
	II	— 5	9	—35	. .	2
	III	— 3	8	— 3 b	. .	2
Philippines						
1950	IV	8	15	8	9	5
1951	I	7	— 9	— 7	1	1
	II	2	0	0	5	2
	III	— 7	— 9	2	2	0
Thailand						
1950	IV	14	12	10	5	3
1951	I	15	3	16	— 2	11
	II	3	11	— 8	3	4
	III	6	7	1	2	— 5
Japan						
1950	IV	17	6	23	9	0
1951	I	6	15	6	15	10
	II	2	9	18	10	5
	III	2	2 b	— 1	— 1	3

a For basic statistics, see section on Asian Economic Statistics, statistical tables IX, X and XII.
b Average of July and August.
c Currency and deposit money are totals for Cambodia, Laos and Viet-Nam. Prices are for Saigon only.
d Retail price index, Pusan.

reduced cost of living, and substantial decreases in currency in circulation and bank clearings. Besides seasonal variations, an important factor in this change was that the export surplus in the previous quarter gave way to an import surplus.

In *Japan*, the rise in wholesale prices, which had advanced sharply since the outbreak of the Korean war, slowed down after April 1951 owing to a heavy decline in prices of some export commodities, particularly textiles. In the early part of the quarter, this trend still continued. Prices, which had shown a sharp advance due to military procurements and favourable export trade following the outbreak of the Korean war, tended to decline appreciably with the prospect of peace in Korea, the reduction of foreign demand and the domestic monetary stringency.

For textiles, under the influence of the downward quotations based on prospects of bumper American cotton crops, market prices in Japan fell further below international levels in all lines. Sluggish demand and increased cancellation of export contracts also contributed to the fall in textile prices. Prices of rubber, fats and oils also continued to be weak on account of mounting stocks, with increasing arrivals of imported materials and poor sales of finished goods. On the other hand, the prices of those commodities which had advanced comparatively slowly, such as iron and steel, cement, soda ash, pulp, etc., still retained their level or even advanced slightly. The tight money situation also contributed to the general lull in the commodity market. In July, treasury funds continued to record an excess of receipts over expenditures which almost offset the increase of loans granted by the Bank of Japan. In addition, the demand for yen import funds and for inventory financing of export goods such as textiles was increasing.

In the later part of the quarter, however, prices showed a general recovery on account of various factors such as increased exports, inactivity of imports, production decline due to power shortage, and expansion of bank credit. International prices were showing a revival, except for wool and raw cotton, reflecting the coming into effect of the defence budget for the 1952 fiscal year in the United States and the international tension in Korea and Iran.

The effect of the fall of wholesale prices was not transmitted to the cost of living. While the wholesale price index decreased slightly, the cost of living index increased by 3 per cent. With the revival of commodity markets towards the end of the quarter, the cost of living was expected to increase further.

Among the raw material producing countries *Ceylon* showed a decrease in cost of living owing chiefly

to the lifting of import control. This lifting, although it has not brought an increase of imports, has already helped to bring down prices through an expectation of larger imports.

In the *Philippines*, stability of cost of living was achieved during the quarter, because of the change from export surplus to import surplus and the price control measures described below. In *Malaya* and *Indonesia*, inflation, generated by high prices of rubber and tin, was still developing. Although prices of rubber and tin were lower during the quarter as compared with the previous quarter, and expansion of money in circulation was relatively small, the cost of living index was still rising, mainly in response to the larger money income generated previously, the export surplus and the price rise of some important food items, especially rice. It was reported that there were also increases of wages of workers, especially on rubber plantations, and consequently of the cost of production.

Wholesale prices in the three rice producing areas, namely *Burma*, *Indochina* and *Thailand*, went up during the quarter, as did also the cost of living in Burma and Indochina. The 5 per cent fall in cost of living in Bangkok did not seem to be in conformity with the reported rise in retail prices of rice, pork, duck eggs, charcoal, etc. and the monetary expansion during the same period. It is probably mainly due to the fact that, in compiling the cost of living index, controlled prices of the main food items were used and prices of fish, which has a relatively large weight in the index and on which there has been no control, were falling from seasonal abundance.

Prices in *Korea* continued to rise during the quarter due to the abnormal increase in purchasing power inside the country to meet the requirements of the United Nations forces, for the operation of which the Korean Government has lent Korean currency to the United Nations authorities. It is reported that the advances increased from about 6,000 million to more than 250,000 million won within the one year ending September 1951, and that the free exchange rate of won depreciated from 1,800 to 6,000 to the dollar. The United States has contributed some $350 million worth of relief supplies, but more goods and services are still needed in repayment of the won advances and for stabilizing prices.

An examination of the available component parts of the cost of living shows that the *prices of food items* generally rose more than others, in Burma, Cambodia, Hong Kong, Laos, Pakistan, the Philippines and Viet-Nam. This may also be true in Malaya and Indonesia, where detailed information is not available. Should this tendency continue, there would be pressure for increases in wages and in case there should be a further decline in prices of export commodities, some countries might be confronted with unemployment and depression, as wages that have once gone up cannot easily be brought down again.

The price of rice, especially the retail price in many big cities, rose during the quarter, owing chiefly to seasonal shortage before the harvesting of the next crop. In Thailand, it is reported that farmers were holding back their stocks while waiting to see the prospect of this year's crops. Transport difficulties caused by floods also contributed to the recent price increase. In mid-September, the retail price of rice in Bangkok rose by almost 20 per cent. In Manila, the retail price of locally produced rice also rose substantially during this quarter, owing mainly to the usual seasonally low stock and the damage suffered by the crops in Central Luzon during the recent typhoons. Toward the end of September the price of rice in Singapore was reported to have risen from 32 to 38 cents per catty, mainly as a result of Thailand's ban on "free export" of rice. The price of rationed rice was also revised upward from 26 to 32 cents per catty, effective from 1 October.

Prices of other important food items, such as pork, duck eggs and charcoal, also rose phenomenally in Bangkok and its adjacent city, Thonburi. The price of pork went up by more than 100 per cent above the official ceiling price. It was reported that inadequacies in the monopoly of slaughter and transportation of pigs and in the pork distribution had reduced pig supply to the capital city. The high administrative expenditure of the monopoly organization was also reported to have contributed to the high cost and prices of pork. Meanwhile, floods blocked transport of large supplies of pigs from the northeastern provinces. The duck egg is another staple food of the Thai people. The rise of duck egg price above the official ceiling level was reportedly caused by the seasonal shortage of supply, the control of interprovincial movement and the high price of duck feed.

Prices of prepared food imports, mostly imported from countries outside the region, fell in some countries because of the lifting or relaxation of import control. In Ceylon, the price fall of these items helped to bring about a general fall in the cost of living. In the Philippines, early this quarter, the local prices of imported food items, such as evaporated milk, canned meats, canned fish, coffee beans, etc. dropped so much that many importers and dealers were sustaining substantial losses. However, in late August, a few food items including fresh fish, eggs, animal and vegetable oils and fats, canned meat, and certain fresh fruits, were

banned from importation and their prices were likely to go up. Judging from their position in the family budget, these items would affect very little the working class.

On the other hand, there was a general fall in the *prices of textiles* in many countries in the region, especially Indonesia, Pakistan and Thailand. The fall of textile prices was mainly due to overstocking arising from speculative imports since the outbreak of the Korean war and the relaxation of import control, the recent decline of prices for textile exports from Japan, the prospect of peace, and the slump in raw cotton prices on account of the bumper crop in the United States. Many local importers were thus facing difficulties in disposing of their heavy inventories and in the settlement of debts with banks. In Malaya, re-export of piecegoods was, therefore, again permitted under certain conditions after August.

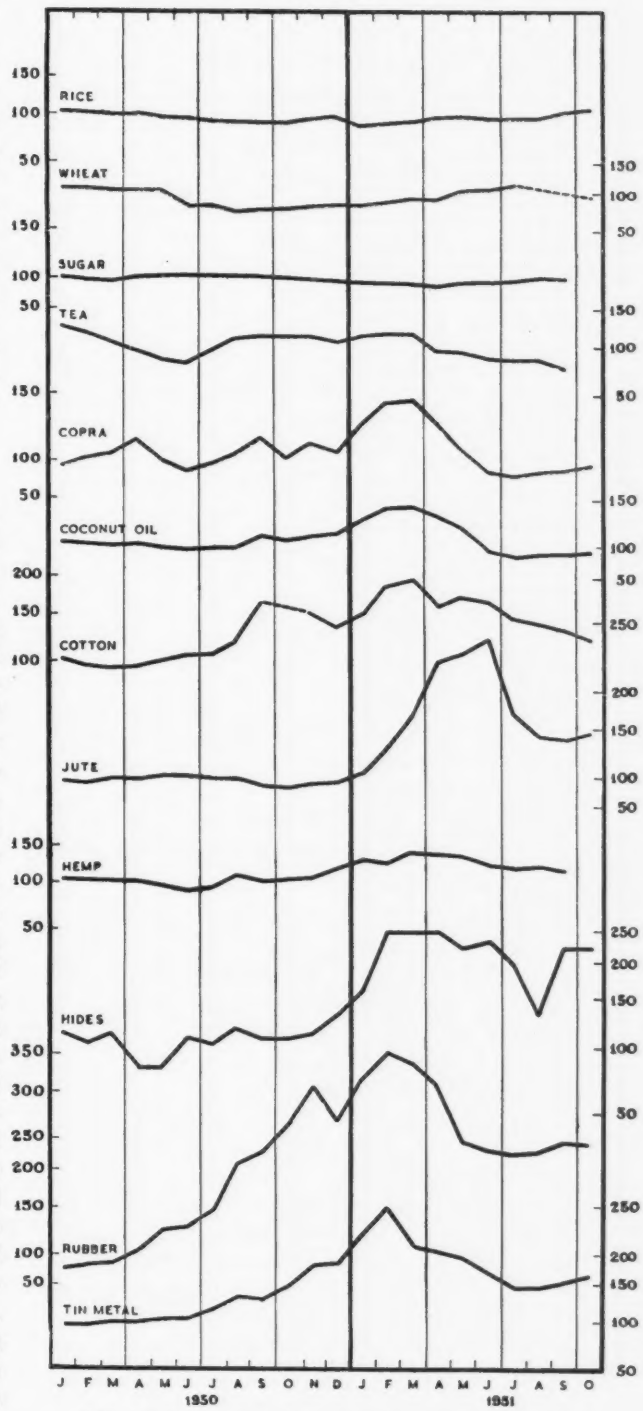
Anti-Inflationary Measures

Additional anti-inflationary measures, such as import control relaxation, export control, tax policies and price controls, were put into practice or considered by many countries in the region during the quarter.[1] In *Malaya*, one of the major raw material exporting countries whose inflation was generated from its export boom, the Government proposed to set up a rubber stabilization fund. Malaya is facing the problem of making its economy flexible enough to cope with violent price movements of its major export commodities. The prices of rubber and tin, which are crucial to the prosperity of Malaya, depend very largely on American demand. The export boom after the Korean war gave rise to inflation, but since April 1951 American purchases have been very much reduced. When the present rubber stockpiling ends, an appreciable fall in the price of rubber is expected, and the prospects of future American demand are very uncertain. By setting up this fund, part of the large proceeds obtained from rubber exports will be reserved for future use when there may again be a depression. Meanwhile, it will reduce the present inflationary pressure. The stabilization fund was also designed to defray the cost of replanting in the future. Under the influence of the recent export boom, many rubber trees were over-tapped in order to obtain a quick increase of output, at the expense of future output, and with no replanting of rubber trees to a corresponding extent. Many producers are, therefore, living on capital consumption. Only a few of the well-managed estates are preserving their funds for replantation. It requires seven years for the new trees to reach maturity, and in the last ten

1. The relaxation of import restrictions and the imposition of export control were described in the foregoing section on "International Trade."

PRICE RELATIVES[1] AT WHOLESALE

Jan.—June 1950 = 100



1. Markets from which quotations for different commodities are taken: Rice, Bangkok. Wheat, Karachi; sugar, Manila; tea, Colombo; copra, Manila; coconut oil, Manila; cotton, Karachi; Jute, Narayanganj; Hemp, Manila; hides, Calcutta; rubber, Singapore; tin, Singapore.

years there has been no adequate replanting in Malaya. The position of small-holdings is worse, as most rubber trees, planted some thirty years ago, are obsolescent. Thus, in addition to the general necessity to combat inflation, with which the Government is still much concerned even though the price of rubber has fallen since February, there are grounds for urging that the present opportunity be taken, before it is too late, to ensure that all sections be covered by a scheme or schemes which will ensure that substantial reserves are now set aside as a measure against future depression and as a source of capital for comprehensive and adequate replanting programmes.

As a measure for siphoning off high profits, Malaya succeeded in levying export duties of about M$163 million on rubber in the first nine months of 1951. In addition, a sum of M$37.5 million was collected during the same period by way of a new planting cess.

The savings campaign, initiated by the *Singapore* authorities, was started in July. Up to the end of October, the Singapore Post Office Savings Bank had a net increase in deposits of M$3 million, compared with only M$1.9 million in 1950. Since 1 January 1951 21,000 new accounts have been opened, compared with less than 10,000 in 1950. The Bank now has more than 100,000 depositors.

Beside the monetary expansion, Malaya's inflation has been greatly accentuated by the shortage of consumer goods. The large export surplus has resulted in an accumulation of sterling assets, only partly released for spending in the Sterling Area or for exchange into dollars for importing consumer goods.

Apart from the recent lifting of import restrictions, *Ceylon* also used fiscal measures to combat the high cost of living or to alleviate its impact. The increase, proposed in the new budgetary policy, in family allowances and relief to taxpayers' dependents, together with the reduction in import duties over a wide range of consumer goods, lighten substantially the burden on this sector of the population. In respect of income tax, according to these proposals, a family unit of six will benefit to the extent of Rs.6,000, whereas previously the tax relief granted to the same unit amounted to only Rs.4,000. Much needed relief has also been given in respect of the dependent relative's allowance. This has been increased in the case of one dependent relative from Rs.250 to Rs.500, while the maximum allowance has been increased from Rs. 1,000 to Rs.1,500. Government has not only ensured more money in the pockets of the middle class by its tax relief measures, but has also reduced the import duties on a wide range of consumer goods, e.g. milk foods.

In the *Philippines*, the Price Stabilization Corporation (PRISCO) aims to stabilize prices through its large scale procurements, with foreign exchange supplied by the Central Bank, of essential goods from abroad, and through its network of distribution. From the time it began to operate in early October 1950 up to the end of June 1951, it imported essential goods valued at P79.3 million, approximately 7 per cent of the total value of Philippine imports during the same period. Local purchases by the PRISCO for the same period amounted to P10 million, making a procurement total of P89.3 million. On the other hand, total sales by the PRISCO for the same period amounted to P74.5 million, approximately 8.8 per cent of the total Philippine domestic trade for 1950. It has 66 provincial branch stores strategically scattered all over the Islands and 15 metropolitan stores and 15 market booths in Manila which sell essential goods at controlled prices when prices are being increased by private retailers. So important has been the role of these stores in the task of price stabilization that it was decided also to include the co-operative associations in the network.

The price and distribution of imported rice (largely from Thailand) in the Philippines were controlled by the National Rice and Corn Corporation (NARIC). In order to bring down the high prices of local rice, NARIC lowered the prices of imported rice of all categories by two pesos per 98 kilos sack, and started free sale to wholesalers as well as retailers toward the end of September. Later on, the Rice Emergency Board also imposed price ceilings on native rice. However, in early October, many rice dealers were still selling at higher prices than the ceilings and the Governmert was urging a rigid campaign against black market sellers.

In *Burma*, in order to prevent internal shortage and bring down the high prices, motorcar tyres and tubes were put under control since late August. First, all stocks of rubber tyres and tubes in the country were frozen, as a preliminary control over their sale. No disposal, sale, movement, or transport of these stocks was allowed, except by prior approval of the Commissioner of Civil Supplies. Later, maximum wholesale and retail selling prices were fixed, and the Tyre Distribution Board was formed. Tyres were to be sold at controlled prices through the agency of some 30 firms recognized by the Board. It is expected that black markets and smuggling to the mainland of China of tyres and tubes will thus be prevented.

In *Thailand*, in order to bring down prices of important cost-of-living items, various measures were adopted by the Government. The co-operation of government and private rice millers and dealers was

asked in bringing down the price of rice, and 80 shops were named to sell rice at lower prices. Permits for exports of "free rice" were temporarily stopped. However, no measures were taken, or considered necessary, to reduce the price of paddy. As regards pork, control over inter-provincial movement was relaxed, the monopoly power of pig slaughter and distribution given to the War Veterans Organization was much reduced, and slaughter facilities and supply of pork were reopened to private business. As a result, the price of pork fell. The Government also banned the export of timber, except teak, in order to bring down the domestic price of timber and, therefore, the cost of construction.

The Government of *Indonesia* made preparations for the control of rice prices by fixing maximum prices, by re-instituting rice distribution for government employees, and by taking strong steps against rice millers and rice dealers who violate the Rice Ordinance. The Government feels that the price of rice largely determines the prices of other goods and, when the above-mentioned steps prove successful, the Government will consider the enforcement of a wage ceiling.

TRADE AGREEMENTS NEGOTIATED AND/OR FINALIZED DURING THE THIRD QUARTER, 1951.

I. JAPAN-ECAFE COUNTRIES

Contracting parties	Period valid	Value of trade and types of commodities	Nature of trade and method of payment	Remarks
Japan—Indonesia	Unspecified	Same as the previous agreement given in **Bulletin**, Vol. I, No. 3.	Issuance of licences. Trade to be conducted as previously on an open account basis in dollars.	An extension of the previous agreement for an unspecified period, pending the ratification of the Japanese Peace Treaty.
Japan—Pakistan	September till end of December 1951	The commodities to be exchanged are of the same type as in the 1950/51 agreement concluded in Tokyo on 15 September 1950. (See **Bulletin** Vol. I, No. 3) Japan will be allowed to import 222,000 bales of raw cotton and 80,000 bales of raw jute. Pakistan's additional imports from Japan are provided for up to a value of £1 million for the three months covered by the protocol.	Balanced trade under licence. Payment is to be made in sterling in accordance with the overall sterling payment arrangement.	An interim agreement designed to insure the normal flow of trade between the two countries while a more permanent agreement will be negotiated and concluded in due course after the ratification of the Japanese Peace Treaty.
Japan—Philippines	Unspecified, but not exceeding one year.	Same as the previous agreement given in **Bulletin**, Vol. I, No. 2.	Issuance of licences towards balanced trade. Method of payment remains the same as the previous agreement.	An extension of the previous agreement for an unspecified period, pending the ratification of the Japanese Peace treaty.
Japan—Thailand	Jan.—Dec. 1952.	The final draft of the Japan—Thailand Trade Treaty for 1952 provides for a volume of trade up to 75 million each way. The main items of Japanese imports from Thailand will be rice and other essential raw materials. The Japanese negotiators will probably try to obtain from Thailand approximately 450,000 to 500,000 tons of rice, an increase of 100,000 to 150,000 tons as compared with 1951 figure. Apart from the usual Thai import items from Japan such as machines, tools, metal goods, electrical appliances, power generators, diesel engine, marine engine, chemicals and textiles, the 1952 agreement calls for the provision of Japanese technical assistance and equipment to develop small scale and home industries in Thailand.	Balanced trade under licence. Open Account on US dollar basis, although the partial payment in sterling clause was brought up. It appears that both Japan and Thailand desire to include this clause in the new trade agreement in the event either party should be faced with an adverse balance in excess of the limit of $5 million provided for in the swing account. Since Thailand is a transferable account country under Britain's foreign exchange regulations, and Japan a bilateral account one, it is necessary for Japan to obtain approval from the Bank of England for paying sterling to or receiving sterling from Thailand.	Negotiations at final stage. Thailand favours only a slight increase in the value of trade, no more than $60 million each way or an increase of $5 million. As the Thai Government desires to conserve a certain quantity of rice stock, Thai negotiators will probably allow Japan to import not more than 400,000 tons of rice.

TRADE AGREEMENT NEGOTIATED AND/OR FINALIZED DURING THE THIRD QUARTER, 1951—*Contd.*

II. ECAFE INTRAREGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and types of commodities	Nature of trade and method of payment	Remarks
Burma—India	May 1951—Dec. 1955	The total value of trade is not fixed, but certain principal commodities have been specified by tonnage. The agreement consists of three parts. Under Part I, effective from 1 May 1951 to 31 December 1951, Burma will supply up to 240,000 tons of rice to India, in exchange for 20,000 tons of jute bags, 10,000 tons of groundnut oil, 2,000 bales of cotton yarn of 400 lbs. each and 3,000 tons of galvanized iron sheets. Under Part II, effective from 1 January 1952 to 31 December 1955, Burma will supply India with 230,000 tons of rice each year on government-to government basis. In addition, India will have the option to purchase 120,000 tons of rice from private sources. The price of rice to be supplied on a government-to government basis shall be determined in advance by mutual agreement every half year. Part III, effective immediately on the day of initialling the instrument of agreement and applicable also to Parts I and II of this agreement, provides for the accord of the most-favoured-nation treatment by each country to the other in respect to customs and trade regulations applicable to any other country in the Sterling Area. Burma agrees to the export of gram and pulses, seed potatoes, lead, teakwood and other articles and India to the export of cotton piecegoods, hosiery, rayan piecegoods, chemicals, coal and cake, paper and paper manufactures, electric goods, coir manufactures, leather manufactures, rubber manufactures, tea, spices, soaps and toilet requisites, fish, fruits and vegetables, provisions and oilman stores, tobacco and miscellaneous items.	Balanced trade under licence. Under Part I, the supply of rice of about 240,000 tons from Burma to India will be paid for one half in cash and the other half on barter basis.	
China (mainland)—India	July till end of December 1951.	No value is fixed for the exchange of goods. India shall provide 500,000 bales of jute bags in exchange for 200,000 tons of Chinese foodgrains, including soyabean, bean cakes, wheat and rice.	Barter.	
Thailand—China (Taiwan)		50,000 tons of superfine sugar to be purchased from Taiwan at around $12 million.	Private negotiation with Thai Government's support. Cash payment.	Negotiation continues. Thai representatives are also exploring the possibilities of increased trade between the two countries.
Viet-Nam—Hong Kong	Probably one year	Viet-Nam will exchange agricultural produce for manufactured goods from Hong Kong, with amount unspecified.	Barter.	Agreement probably signed in mid-July.

III. ECAFE COUNTRIES—EXTRA REGIONAL COUNTRIES

China (mainland)—Czechoslovakia	One year through 1951	Information on total value of trade or volume of turnover is not available. It is expected that the total will exceed four times that of 1950 figure. China mainland will supply Czechoslovakia with agricultural produce, particularly oilseeds, fodder, hides, tea and large quantities of raw materials for the light and heavy industries of Czechoslovakia, in exchange for industrial goods such as steel plants, iron foundaries, precision instruments, mining and transport equipments and chemicals.	Probably barter or Open Account based on Ruble. It is indicated that prices of goods to be exchanged will be fixed independently of prices in the world markets.	
India—Iraq	May to end of December 1951	The total value of trade has not been fixed, but certain commodities to be exchanged are specified by quantities. India will ship to Iraq 5,000 tons of jute bags 15 million yards of cotton piecegoods and unlimited quantities of tea, spices, timber, etc., it will purchase from Iraq 55,000 tons of dates, 20,000 tons of wheat, 5,000 tons of rice and 10,000 tons of other cereals.	Balanced trade under licence. Any adverse balance at the end of the agreement will probably be paid in Rupees or credit transfer in sterling in accordance with the U.K. Overall Sterling Payments arrangement.	Each country has agreed to accord most-favoured-nation treatment to the other.
India—Western Germany	Till end of October 1951	Same as the previous agreement given in **Bulletin** Vol. 1, No. 2.	Same as the previous agreement given in **Bulletin** Vol. I, No. 2.	An extension of the 1950/51 agreement pending negotiation of a new agreement.

TRADE AGREEMENT NEGOTIATED AND/OR FINALIZED DURING THE THIRD QUARTER, 1951—*Contd.*

III. ECAFE COUNTRIES—EXTRA REGIONAL COUNTRIES—contd.

Contracting parties	Period valid	Value of trade and types of commodities	Nature of trade and method of payment	Remarks
Indonesia —Czechoslovakia	1 October 1951—30 September 1952	Total value of two-way trade is fixed at 60 million Rupiah. Indonesia to export to Czechoslovakia raw materials and tropical produce such as coffee, spices, quinine, tin, kapok, copra and mother-of-pearl shells, in exchange for precision tools and medical instruments, electric motors, electrical equipment, motorcars, porcelain insulators, stationary and educational requirements.	Balanced trade under licence.	
Indonesia —Denmark	1 July 1951—30 June 1952	Total value of trade each way has been agreed on. The principal commodities which Indonesia is to supply Denmark are tea, coffee, tobacco, spices, pepper, tapioca, copra, palm kernels, copra cake, palm cake, rubber and some other miscellaneous products. In exchange Denmark is to supply Indonesia with condensed and evaporated milk, milk powder, insulin, cement, instruments, machine tools, machines and other metal manufactures.	Presumably balanced trade under licence. Payments shall be effected within the frame work of the Denmark—Netherlands payment agreement of 31 January 1946, but either party may request at any time initiation for negotiations of a new payments agreement.	Concluded in Copenhagen on 4 July. To be renewed annually unless terminated on a three-month's notice being served by either contracting party. Current list of exchange of commodities may at any time be supplemented by mutual consent.
Indonesia —Finland	1 April 1951—31 March 1952	The agreement provides for exchange of goods between two countries to the value of 10 million guilders. Indonesia will receive Finish wood and will deliver tea, spices, rubber, tobacco and other raw materials in exchange.	Probably by issuance of licences. Payment will probably be effected within the frame work of the European Payments Union in case of an adverse balance for either party, through the good offices of the Netherlands Government.	Although this agreement was signed sometime in March 1951, information there was not available for inclusion in early issues of the **Bulletin.**
Indonesia —Poland	Probably one year June 1951—June 1952	Total value of trade in each direction is not available. Under this agreement, Indonesia will supply Poland with tea, coffee, pepper and quinine, in exchange for metal products, textiles, machinery, glass and chemicals.	Probably by issuance of licences and payment in cash in case of an adverse balance at the end of year.	This is the first agreement on exchange of goods between Indonesia and Poland, and was ratified in Warsaw on 17 June 1951.
Indonesia—Portugal	One year	The value of each way trade is estimated at 4-5 million Dutch guilders. Indonesia will receive from Portugal cork, slates and slate-pencils, wine, turpentine, sardines and other miscellaneous goods, and will export to that country rubber, tobacco, leather, spices and other goods.	Balanced trade under licence. Payment for any adverse balance at the end of the agreement will probably be effected through the good offices of the Netherlands Government within the framework of the European Payments Union.	Indonesia's first agreement ever concluded with Portugal. Until mid-1950 trade with Portugal has been conducted within the framework of the Netherlands-Portugal agreement.
Indonesia—Sweden	Probably one year			Agreement signed sometime at the end of June and to be effective 1 July, 1951.
Indonesia—U.S.A.	Sept. 1951—April 1953	Indonesia to ship to the United States from the Government-owned plantations no less than 1,200 tons of raw rubber per month for the duration of 18 months. It is roughly estimated that Indonesia will receive no less than $20 million for rubber shipped under the agreement.	Bulk buying contract and cash payment. Price for each shipment shall be determined by the average price for the previous four months on the Singapore market.	The U.S. General Service Administration will handle all rubber shipment from Indonesia under this agreement and probably for the purpose of stockpiling and for limited use by U.S. industries under military contract with the U.S. Government.
Indonesia—Western Germany	12 months retroactive to January 1951	The total value of trade is agreed at 244,000,000 Dutch guilders (about $63,440,000) in each direction. Indonesia will ship to Western Germany rubber, tin, copra, oilseeds, pepper, etheric oils, resins, hardwood, kapok, sisal, cane, tobacco, coffee, tea, spices, etc. Western Germany will deliver to Indonesia industrial machinery, electrical devices and appliances, rolling mill products, railway equipment and other finished products.	Balanced trade under licence. Payment for any adverse balance at the end of the agreement will probably be effected through the good offices of the Netherlands Government within the framework of the European Payments Union.	First trade agreement between the Federal Republic of Germany and Indonesia. Signed in Bonn on 12 July, 1951.
Pakistan —France	12 months ending 29 Nov. 1951	Exports from Pakistan to France of about 200,000 bales (500 pounds gross weight) of cotton, among other principal items. France exports to Pakistan capital goods.		Signed on 23 June 1951. A renewal of the agreement signed in November 1949 by tacit agreement.
Pakistan —Iraq	31 March 1951—28 February 1952	The total value of trade for each direction has not been fixed. Pakistan will import from Iraq no less than Rs. 5.5 million worth of dates and unspecified quantities of tobacco, cigarettes, gallnuts and horses. Pakistan agrees to deliver to Iraq no less than 2 million pounds of tea and other unspecified quantities and value of raw cotton, hurricane lamps, surgical instruments, electric fans, shot guns (single barrel only), sulphuric acid, resin, sports-goods, musical instruments, musical strings and guts.	Balanced trade under licence.	Each country agrees to accord to the other the most-favoured-nation treatment in respect to privileges and immunities, customs duties, taxes and charges on imports—exports or on the international transfer of payments, etc.

TRADE AGREEMENT NEGOTIATED AND/OR FINALIZED DURING THE THIRD QUARTER, 1951—*Contd.*

III. ECAFE COUNTRIES—EXTRA REGIONAL COUNTRIES—contd.

Period valid	Contracting parties	Value of trade and types of commodities	Nature of trade and method of payment	Remarks
Philippines—Western Germany		The total value of trade has not been fixed Philippines will import large quantities of consumption goods and industrial machinery and equipment in exchange for its exports to Western Germany of raw materials and other produce.	Probably balanced trade under licence or Open Account on dollar basis.	Negotiation stage. Philippines to develop market for its exports as a measure to counter the gradual loss of the Philippine preferential position in the U.S market to begin on 4 July 1954 Trade with Western Germany is also desirable for the Philippines in order to save dollars.
Thailand—U.S.A.	1 July1951—31 December 1952	Within a period of 18 months, Thailand assures the availability and allocation of 125,000 metric tons of natural rubber of standard RMA grades for purchase by private interests and the Government of the United States. The total value is roughly estimated at $140 million at the average price prevailing during the third quarter in New York.	Bulk buying contract and cash payment. Prices for rubber shall be same as those at which rubber of equivalent grades are delivered or sold at the time of offer in the world market.	No exact amount of rubber to be shipped at certain regular intervals or monthly basis as such was specified. Thailand merely assures the availability, whereas the United States guarantees to buy the amount at standard quality stipulated.

INFLATION AND THE MOBILIZATION OF DOMESTIC CAPITAL IN UNDERDEVELOPED COUNTRIES OF ASIA[1]

INTRODUCTION

In many underdeveloped countries, governments have assumed the responsibility for promoting capital formation by making provision in their annual budgets for projects such as irrigation works, transportation, etc. Such projects are usually unsuitable for private enterprise despite being highly productive from the social point of view. A substantial part of this capital or developmental expenditure, however, is financed by means of budget deficits rather than from current tax receipts or from the profits of government enterprises, and the question has been widely discussed whether further development should not be financed in the same way. The resultant inflationary pressures create certain difficulties, but it is feared that the attempt to reduce these pressures will slow down the rate capital formation. Any substantial trimming of developmental expenditure would retard the growth of production and would make the task of capital formation in the future more difficult. Faced with this situation, some people have come to believe that deficit financing of developmental expenditure is justified in view of the urgent need for domestic capital in these countries. It is sometimes contended that in an underdeveloped country, budget deficits, if kept within certain limits, need not be inflationary, and that, even if they are inflationary, they lead to greater (or swifter) mobilization of domestic capital than would otherwise be possible. The first section on "Deficit financing of developmental expenditure" attempts to analyze in general terms to what extent, if any, this contention is valid. The second section on "Current and prospective inflation" summarizes briefly the nature and extent of current and prospective inflationary pressures in a number of countries in Southeast Asia and the Far East. The third section reviews the anti-inflationary policies pursued by various countries in this region, and discusses the effectiveness of different anti-inflationary policies in the light of the region's special needs and conditions. Thus, Sections II and III describe the framework within which attempts to mobilize domestic capital have to be made. Some concluding remarks are offered in Section IV.

1. Prepared by A. K. Das Gupta, Morris Friedberg and I. G. Patel of the staff of the International Monetary Fund for the Working Party of Experts for the Mobilization of Domestic Capital convened by the Economic Studies Division of the ECAFE Secretariat in Bangkok between 20-23 November 1951. The paper represents the views of its authors and not necessarily those of the International Monetary Fund.

I. DEFICIT FINANCING OF DEVELOPMENTAL EXPENDITURE

Generally speaking, the term budget deficit refers to the excess of current expenditure over current receipts from taxation and from profits of government enterprises. This deficit may be financed in a variety of ways, e.g., by drawing on existing cash balances, by government borrowing from the general public or the banking system (including the Central Bank), or by using the domestic currency proceeds of foreign loans. In some countries, capital formation is financed by special development corporations sponsored by the government and armed with powers of credit creation or of borrowing from the government. The accounts of these corporations may not figure in the government budget; but obviously, any deficit financing by them has the same effect as if their accounts were incorporated in the government budget.

Deficit Financing and Inflation

It cannot be denied that budget deficits, if kept within certain limits, need not be inflationary. To the extent that it is financed by borrowing the genuine current savings of the people, for example, a budget deficit need not be inflationary. This has largely been the case in Pakistan, for example. But in actual practice, budget deficits are often financed by borrowing from the banking system resulting in an expansion of net outstanding bank credit or by drawing on existing cash balances. Again, if the deficit is matched by an import surplus (financed from the proceeds of a foreign loan or by drawing on foreign exchange reserves), there is no net inflationary pressure. But if we are interested in mobilizing domestic capital, external financing of budget deficits is irrelevant to our purpose.

There are two arguments which are often advanced in favour of budget deficits even when they lead to an expansion of the money supply or to an activation of idle government balances. These arguments deserve some consideration here.

(a) In underdeveloped economies, where investment habits are not fully developed, part of the current savings of the people is hoarded in the form of local currency. If the government's use of past cash balances or of money newly created does not exceed the savings currently hoarded, no net inflationary pressure is released.

(b) Underdeveloped countries have large "unemployed" resources, especially of labour. The supply of goods and services would, therefore, readily respond to any extra purchasing power injected into the system by government deficits, and there would be no actual inflation. Deficit financing would lead to an expansion of output rather than to inflation.

Whether there is a chronic tendency in underdeveloped countries for a part of current savings to be held in the form of money is a question of fact about which nothing very definite is known. There is some evidence that, at least in times of exceptional prosperity, people in the countryside hoard significant amounts of local currency. This seems to have happened in Ceylon and Thailand, for example, during 1950. But normally, it is doubtful if the hoardings of currency by poor people unused to institutional savings increase significantly from year to year in societies where the craving for precious metals is proverbial.

At best, the justification for deficit financing to offset private hoarding of currency can be valid only for a limited period. In the long run, it is better to bring all savings into the open by channelling them to institutions through educational and other means. In this way, the extent of current savings could be accurately gauged and the temptation to take too much or too little savings for granted may be avoided. Besides, savings held in the form of money can be more easily directed against goods and services if some temporary fear of monetary or political disturbance creates a sudden splash of spending. During the first few months of 1951, the idle balances accumulated in Thailand in earlier months seem to have been suddenly activated. By channelling savings to institutions, the ability of the monetary system to deal with sudden spurts of inflationary pressures may be increased.

It is not possible, again, to attach much importance to the fact that there are large amounts of unemployed resources in an underdeveloped country. Admittedly, in overpopulated regions there are many persons who contribute practically nothing to production, and we can list a number of untapped natural resources. But this situation is very different from that of an advanced industrial economy in the grip of a depression when there is unused capacity and labour in practically all industries. In the latter context, deficit financing leads almost immediately to expansion of output on a scale that yields extra savings equal to the additional investment represented by the initial deficit. But if the government of an underdeveloped country spends (through credit creation) a certain sum, say on building a dam, the persons newly employed would create a demand for extra food, clothing, etc. But there is no unused capacity on farms or in factories to absorb the unemployed labour and at once produce more output. It is precisely because there are bottlenecks, such as a shortage of capital or skill, in the productive system that resources are unemployed in an underdeveloped economy. The additional money income created by the budget deficit will, therefore, increase the demand to be met from the existing supply of consumers' goods without leading to significantly greater production, and, therefore, greater savings, to offset the inflationary impact of the developmental expenditure. There is, however, an element of truth in the argument under consideration. The existence of unemployed labour power does mean that the diversion of resources to the construction of a dam (for example) will not lead to a significant curtailment of the current output of many consumers' goods. It also implies that the supply price of labour will not rise as much as would be the case in a fully employed economy. But apart from this, the existence of unemployed resources offers little mitigation of the inflationary pressures released by deficit financed development expenditure.

Inflation and Capital Formation

It has already been mentioned that part of the justification for deficit financing of development expenditure is sought in the belief that, even if it leads to inflation, it would actually bring about more capital accumulation than would otherwise be the case. The general case for inflationary financing of capital expenditure may be summarized briefly as follows.

Given the need for capital formation on a certain scale and given the importance of public investment in capital formation, the resources needed for such investment have to be directed to the government somehow. This cannot be done merely by mobilizing the genuine voluntary savings of the people since in a poor country such savings are very low. The relevant issue, therefore, is the choice of means whereby sacrifices are compulsorily elicited from the people. This can be done by:

(a) Making people work harder or longer without giving them more money income;

(b) taking away more of the people's income through taxation or compulsory lending;

(c) curtailing less desirable private investment;

(d) forced savings through inflation.

There are limits beyond which, for political or administrative reasons, the first three courses cannot be pursued.

Thus, governments wedded to a free economic system cannot, beyond a certain point, make people work harder or longer without giving them more

money income. The same is true of compulsory lending as is shown by the experience of countries like India. The limits to taxation is a large subject, a fuller discussion of which is deferred to the section on "Anti-inflationary policies". But a few tentative remarks may be offered here. In countries where entrepreneurial capacity is scarce, high taxation imposed upon the few rich people who are mainly responsible for such saving and investment as take place, may provoke a virtual non-co-operation from these classes and result in a general paralysis in the economic system. Direct taxation of the myriads of small incomes is not feasible administratively nor, perhaps, politically. If indirect taxes are levied on an extensive scale, it is arguable that their effect may not be very different from that of a rise in the price-level induced by inflation. And inflation has at least this advantage over indirect taxes: it requires no administrative skill or machinery to engineer an inflation. As regards the curtailment of less desirable private investment by direct or monetary controls, it is arguable that if underdeveloped countries are capable of administering such controls well, they need not fight shy of inflation very much, for in that event, they will also have the capacity to control some of the excesses of inflation.

The argument presented so far merely states that the desired rate of public investment may not be attained if there is rigid insistence on orthodox financing principles. But it does not follow that by inflationary financing of capital expenditure the required capital formation would necessarily be assured. It may be that there are limits to what even an inflation can achieve by way of forced savings; or, that inflation, if prolonged, may impair productive capacity and thus be detrimental to capital formation over a period of years. The advocates of inflationary financing of developmental expenditure are thus also obliged to argue that, at least in an underdeveloped economy, the inflation resulting from deficit financing need not last long or develop into severe inflation with its attendant evils.

It is arguable that, as the development projects are completed, they would have the effect of increasing production, and, unless the marginal propensity to save and the marginal tax yield are both zero, finance for development plans in the next period would therefore be available from increased savings or the proceeds of increased taxation. Assuming that the government's investment for developmental purposes remains the same from year to year (in real terms), the proportion which was deficit-financed would very soon start to decline, and in a few years all the finance required might be non-inflationary. Since the inflation need not last very long or become very severe, it need not destroy the incentive to save on the part of private individuals as much as is sometimes supposed. Insofar as inflation redistributes national income in favour of the richer sections of the community, it may actually have salutary effects on private saving and investment. Again, decisions to save are closely related to the profitability of available investments. As development plans are completed, they would eliminate some of the bottlenecks which hamper production and thus create new investment opportunities. These new opportunities would in themselves be an inducement to higher savings. It may be that inflation engendered by the government's development programme encourages speculative and unproductive private investment, which may prolong the inflation and make it wasteful. But it should be possible to control private investment to some extent. The inflationary pressures released by budget deficits might be suppressed by controls if a cumulative price-wage spiral threatened to develop.

In brief, deficit financing may lead to inflation, but at the end of it all we would have the dams and the irrigation canals and the roads which could not have been started in the first place if rigid insistence on sound financing was maintained. Admittedly, inflation will impose hardships; but this may be inevitable—the real issue is about the means of enforcing sacrifices. Inflation need not have serious untoward consequences because it need not last long and its adverse effect can be suppressed to some extent.

In the foregoing paragraphs, the case for inflation is presented in its most favourable form, and in general terms. In any concrete situation, however, it cannot be taken for granted that the consequences of inflationary financing would be as favourable as might be imagined in the abstract. Some weaknesses in the argument just presented are examined below.

Assuming that, for political or administrative reasons, capital formation on the required scale cannot be undertaken by orthodox financial measures, it must also be recognized that the very simplicity and convenience of deficit financing creates a danger of extravagance and ineptitude in spending money and of neglect of the possibilities that even in an underdeveloped country exists for tapping savings or collecting higher taxes. The choice between deficit financing on the one hand and taxation and borrowing on the other is never an exclusive choice, and there is always a danger of excessive reliance on the course that seems likely to provoke the least resistance.

Even, however, if it could be assumed that the administration of deficit financing would be highly efficient, one cannot be too complacent about the duration and extent of the inflation induced by it. Given

a certain rate of real investment by the government from year to year, and assuming no untoward effects on private investment, total productive capacity would no doubt soon be increased. This, after all, is the justification of development expenditure, and short of complete mishandling of the investments, some increase in production must result. But if the government is to reduce the proportion of its investment which is "deficit financed," it must by conscious policy divert a part of the increased output itself. It is not enough to say that more output means more savings and taxes for the government. Even if people save more, they can invest these savings in private investment, and there may be nothing to offset the continuing real investment undertaken by the government. Inflation may continue despite higher production and higher savings because private investment absorbs the new savings. The political and administrative difficulties which initially necessitated deficit financing will eventually have to be overcome if the resulting inflation is to be short-lived.

In an underdeveloped country, we cannot even be sure that much of the increased production would in fact be saved. If the increased production accrues to the poorer sections of the community, it may go almost entirely to increase consumption. In underdeveloped countries inflation does not necessarily redistribute income in favour of the rich or investing classes. The class to gain by inflation is the entrepreneurial class; but in predominantly agrarian societies, the entrepreneurial class consists to a large extent of poor peasants and merchants. A redistribution of income in favour of the peasants is not conducive to greater savings; and the merchants seldom invest in productive ventures.

The great inelasticity of the tax system is also likely in many countries to keep down the yield of taxes as real production increases. Indeed, since prices would be probably rising in response to budget deficits, there is a danger that the government's command over real resources through taxation may actually decline as inflation proceeds apace in spite of a higher aggregate productivity. Many taxes, such as land revenue, are not easy to revise upwards in money terms as prices rise; and it cannot be taken for granted, therefore, that given a certain growth in real production and a certain rate of government expenditure in real terms, the part of this expenditure in money terms that is deficit financed will decline progressively. The experience of India in connection with land revenue in recent years is worth noting in this context, inflation is a difficult and unpleasant business, inflation may, instead of providing a convenient way of escape from the difficulties, actually make it more urgent to grasp the nettle.

Again, if conditions in underdeveloped countries are such that the initial capital investment needed is of a long-term character (e.g., irrigation canals rather than wells), production may increase only after a considerable time has elapsed. But in view of high propensity to consume and the absence of a broadbased industrial structure which makes short-run supply conditions very inelastic, the inflationary impact on an underdeveloped country is likely to be very disturbing in the short run. It would be urgent for such countries, therefore, to try to suppress the inflationary pressures for a while. Whether poor countries with a scarcity of administrative skill are in a position to undertake effective control measures is a moot question to be discussed later. Attempts to control private consumption and investment may indeed be as unpalatable as higher taxation or compulsory savings. The original justification for deficit financing, viz., that it is simple and encounters less opposition, may well be illusory. This is all the more likely since the danger of inflation in many underdeveloped countries does not arise currently only from attempts to promote economic development; the legacy of inflation in the past, the boom in raw material prices, etc., are also factors in the total situation which make the dangers of deficit financing more serious than they would be if we started from a position of firm monetary equilibrium.

Lastly, it cannot be taken for granted that inflationary financing of capital expenditure will necessarily elicit the sacrifices required from the people. In the ultimate analysis, some group has to suffer a decline in its standard of living through higher prices. But in democratic countries with powerful pressure groups having considerable influence on the government, there are limits beyond which a redistribution of income would be politically intolerable. In predominantly agricultural countries, the classes, which cannot raise their incomes at least as fast as prices, are not very numerous. The peasants, merchants and a few rich entrepreneurs do not suffer any decline in real income through rising prices. There are not many rich people who live on interest payments made in money terms—the village money lenders in many cases collect their dues in kind. The only classes to provide forced savings, therefore, are the small class of professional men, government employees, and the industrial proletariat. It is difficult to justify a method of enforcing savings which hurts only a few people on the ground that voluntary savings are small and the need for capital formation is very urgent. Apart from this, economic development does not depend on supply of capital alone but also on the inventiveness, organizational ability and integrity of the people. The growth of all these factors

depends very much on the vitality of the two classes—professionals and the urban proletariat—most likely to be hurt by inflation. This is the reason why many governments initiate an inflation under duress, and then go on to neutralize its effects by cost-of-living allowances, price controls, compulsory requisition of foodstuffs, etc. The result is that nearly everybody's income increases *pari passu* with rising prices, and there is very little forced savings, but a maze of administrative problems. Or worse still, the few who suffer may be the most essential but the least powerful or vociferous elements in the society. Inflation on the scale required to attain the necessary capital formation may, therefore, be self-frustrating.

What is the upshot of this discussion of the role of inflationary financing in the mobilization of domestic capital? It may be conceded that, in certain circumstances, inflationary financing of capital expenditure may expedite capital formation. This course, however, has many pitfalls, and, unless moderately and wisely used, may do more harm than good. In any event, inflation promises no relief from the difficult and unpalatable measures of control or taxation or compulsory savings which also have to be adopted. The only course for an underdeveloped country is one of trial and error —a course in which higher taxation, mobilization of voluntary savings, exhortations for more work without pay, deficit financing, controls of various sorts, etc., will all have to be adopted in varying degrees from time to time, depending on the situation as it develops. Neither a purist nor an escapist attitude towards deficit financing is appropriate. Whether such a blend of flexible policy is attainable, and whether capital formation on the scale required in the initial stages can be attained by mobilizing domestic resources alone, are questions to which no general answer is possible. It all depends on the particular circumstances of a country. We will proceed, therefore, to review briefly the current and prospective situation with regard to inflation, developmental plans and anti-inflationary measures in a few selected countries in Asia and the Far East.

II. CURRENT AND PROSPECTIVE INFLATION

Prices from World War II to the Outbreak of the Korean War

The present day inflation in the seven ECAFE countries considered in this paper[1] is partly the residue of inflation during and since World War II and partly the product of current inflationary forces. Price levels in the countries occupied by the Japanese were severely affected, though in varying degress, by excessive currency issues and the shortage of goods[2]. At the end of the war, all seven countries were suffering from monetary disequilibrium, the degree of disequilibrium being greater in the Philippines, Indonesia and Thailand than in the other countries. Wartime hyper-inflation in the enemy-occupied countries was brought under control fairly early in the postwar period, but even before the outbreak of hostilities in Korea, inflationary price movements had created difficult problems in many of these countries. These problems have now been rendered more acute by the Korean war.

This is illustrated by the movement of the cost of living indices from 1946 to June 1950[3], making due allowance for the defects of some of the indices and the effects of price controls of varying extent. Philippine prices actually fell 38 per cent and Indonesian prices, starting from a much higher level in 1946, fell 34 per cent by 1950. Prices in the other five countries rose between 6 per cent and 20 per cent.

TABLE 1. INDICES OF COST OF LIVING
1946 = 100

Country	Centre	1938	1946	June 30, 1950
Burma	Rangoon	26	100	106
Ceylon	Colombo	38[a]	100	117
India	Bombay	41	100	120
Indonesia	Djakarta	41	100[b]	66
Pakistan	Bombay	41	100	
	Karachi			110
Philippines	Manila	18	100	62
Thailand		9	100	119

a. November 1938-April 1939. b. 1947 = 100.

Most of the inflation that remained in early 1950 had been generated after 1946, for such latent inflation as remained after the war appears to have been substantially worked off by early 1950 or perhaps earlier. This conclusion is suggested by the very high price levels reached by the end of the war and for a short period after the war; the relatively moderate price rises which took place thereafter in five of the seven countries in a period in which price controls were of only limited application or effectiveness; the price declines in Indonesia and the Philippines, and the fact that the ratio of money supply to national income in four of the countries where comparable data are available for 1949 or 1950, was not substantially greater than in 1938.[4]

1. These seven countries are: Burma, Ceylon, India, Indonesia, Pakistan, the Philippines and Thailand.

2. Further details on the price developments during and after the war, may be found in United Nations, Economic Survey of Asia and the Far East, 1950, Ch. XVI, Prices.

3. See United Nations, op. cit. p.494.

4. Ratios of money supply to national income: Burma 1938-23%, 1950-23%; Ceylon 1938-30%, 1950-34%; Philippines 1938-21%, 1950-21%. Tentative computations for India indicate a ratio of approximately 25% in 1938 and about 21% in 1949.

Sources of Postwar Inflation Prior to Korea

Up to 1950 budget deficits were the major source of postwar inflationary pressure in all these countries, with the exception of Thailand. An important factor in these deficits has been investment expenditure for rehabilitation and for development. Emergency conditions arising from the separation of India and Pakistan and political disturbances in Indonesia, Burma and the Philippines have also burdened the budget of these countries.

Until the end of 1949, the influence of the balance of payments was generally deflationary, all of the countries except Thailand showing large current account deficits. Thailand's current account surpluses were somewhat larger than its combined budget deficits for the period. The picture changed in 1950 when all of the countries, except Pakistan, developed substantial current account surpluses. However, Burma's surplus in 1949/50 was smaller than in 1948/49.

In the absence of accurate information regarding government expenditures, methods of financing the deficit, national income and other factors, the inflationary impact of the deficits and of the export surpluses cannot be measured precisely. But the importance of these two sources of inflation may be roughly assessed by nothing the relative magnitudes involved[1]. The ratio of aggregate expenditures to aggregate receipts for the three years, 1947/48 to 1949/50, gives a rough indication of the degree of budgetary imbalance in the period.

Burma	...	1.03	Pakistan	...	1.9
Ceylon	...	1.1	Philippines	...	1.2
India	...	1.2	Thailand	...	1.1
Indonesia	...	1.8			

Since 1946, development and reconstruction expenditures have averaged over 20 per cent of total government expenditures in the countries for which information is available.

TABLE 2. CENTRAL GOVERNMENT INVESTMENT[a] EXPENDITURE AS PERCENT OF TOTAL EXPENDITURES

	1947/48	1948/49	1949/50
Ceylon	12	18	18
India	25b	19	26
Pakistan	22	32	23
Burma	52	17	25
Philippines	19	16	15
Thailand	7	13	13
Indonesia	. .	6	8

a. Capital outlay and loans and advances to local governments for capital outlay.
b. From August 1947 to March 1948.

1. For data on government revenues and expenditures, see United Nations, **Economic Survey of Asia and the Far East, 1950**, ch. XIV, Public Finance, especially pp.420-422; also (US) Economic Cooperation Administration, **Far East Data Book**, Jan-Sept. 1951.

A comparison of investment expenditures with budget deficits conveys in percentage terms the impact of these expenditures on the budgets. It will be noted that in several cases, investment expenditures exceed deficits, i.e. the expenditures were met out of revenue receipts as well as by deficit financing. In these cases, therefore, the deficit may be considered to have arisen entirely from the government's investment expenditures.

TABLE 3. CENTRAL GOVERNMENT INVESTMENT[a] AS PERCENT OF DE FICITS

	1947-48	1948-49	1949-50	1950-51[d]	1951-52[e]
Ceylon	156	130	115	121	77
India	120	64	193	101	110
Pakistan	34	65	55	102	. .
Burma	394	c	194	764	59
Philippines	c	183	61	63	86
Thailand[b]	. .	180	158	42	82
Indonesia[b]	. .	. .	19	33	163

a. Capital outlay and loans and advances to local government for capital outlay.
b. Calendar year; thus 1948/49 refers to 1948 Calendar year.
c. There was no deficit in this year.
d. Preliminary.
e Budget estimate.

The available data also indicate that in all of these countries except Thailand, balance of payments deficits have served to check the inflationary pressures arising from other sources in the pre-Korean period.

Thailand had a small surplus from 1946 to 1949, but exports moved ahead in the early months of 1950. The inflationary impact of this export surplus was mitigated to some extent by the fact that it was associated with improved terms of trade. These trade terms made possible larger imports than would otherwise have been the case, and at the same time made it possible to maintain domestic output of goods for domestic consumption[2]. In Burma, Ceylon, India, Pakistan, the Philippines and Indonesia[3], on the other hand, deflationary pressure was exerted by the current account deficits, up to the end of 1949, when conditions began to change in the whole region.

Inflation since Korea

The export boom arising from the Korean conflict substantially accelerated the current generation of inflation which had proceeded at a moderate rate from 1946 to June 1950. The staple exports of Indonesia and Thailand were particularly beneficiaries of the war-

2 The separate examination of export surpluses and budgetary deficits should not lead the reader to overlook the essential similarity for development purposes between these two sources of inflation. The export surplus constitutes the accumulation of exchange reserves, i.e., foreign investment by the surplus country and is a form of mobilization of capital, the effect of which on domestic development when expenditure of the surplus becomes possible need not and usually does not differ from that of domestic investment.

3. The details may be found in International Monetary Fund, **International Financial Statistics**, (monthly) and **Balance of Payments Yearbooks**, 1948-49-50 and in United Nations, **Economic Survey of Asia and the Far East, 1950**, ch. XII.

TABLE 4. BALANCE OF PAYMENTS ON CURRENT ACCOUNT
(In millions of currency units)

	1946	1947	1948	1949	1950
Ceylon (rupees)	. .	−180	13	− 30	151
India[a] (rupees)	− 268	−1194	−1029	−2015	672
Pakistan[b] (rupees)			79	−449	− 99
Burma[c] (rupees)		−242	−240	+175	+ 62
Philippines (pesos)	70	−184	103	−137	405
Thailand (US$)	−11	−41	69	63	65
Indonesia (rupiah)	. .	. .	52	−106	646

a. Excludes transactions with Pakistan. Balances of these were as follows:—

July 1948-June 1949	..	—338
July 1949-June 1950	..	— 54
Jan.-Dec. 1950	..	— 17

b. Excludes transactions with India, Afghanistan, Nepal and Tibet.
c. Years ending September.

derived demand. On the other hand, stockpiling and speculative hoarding raised import prices. Ceylon, Thailand, Burma and Indonesia had increased export surpluses; in Pakistan import surpluses in 1949 and 1950 were replaced by a large export surplus; in 1950/51 India, and the Philippines for the first time since the war, had sizeable export surpluses.

TABLE 5. TRADE BALANCES
(In millions of currency units)

	Jan.-Jun. 1950	Jul.-Dec. 1950	Jan.-Dec. 1951
Ceylon (rupees)	+ 75	+320	+255
India (rupees)	− 20	− 52	+189
Pakistan (rupees)	+204	+131	+672[a]
Burma (rupees)	+164	+ 56	+220
Philippines (pesos)	−89	+90	+67
Thailand (baht)	+302	+682	+597
Indonesia (rupiah)	+ 365	+ 832	+1499

a. Includes export duties, but excludes overland trade in June.

Exchange reserves increased during the year 1950/51 in all of the countries as net earnings from "invisibles" were, for some countries, added to export surpluses and in others, more than offset payments on "invisible" account.

In all of the countries budget deficits were still the rule in the post-Korean months, as investment programme and increased defence appropriations continued. However, deficits in five of the seven countries

TABLE 6. CHANGES IN FOREIGN ASSETS
(In millions of U.S. dollars)

	Period Covered		
	Jan.-Jun. 1950	Jul.-Dec. 1950	Jan.-Jun. 1951
Ceylon	+11	+42	+23
India[a]	+ 2	+15	+48
Pakistan[a]	−41	+36	+97
Burma[a]	+ 3	+ 1	+35
Philippines	− 3	+79	+37
Thailand[a]	+35	+35	+34
Indonesia[b]	+ 26	+103	+ 42

a. Central bank only.
b. Gold in the Bank of Java plus dollar exchange in U.S. banks.

were expected to be smaller in 1950/51 than in the preceding year, while India and Thailand anticipated larger deficits for the same period. Deficits are planned in all countries for 1951/52.

The combined effect of all these factors was increased inflationary pressure throughout the area. This has been reflected in a rise of price levels and in the volume of money.

The increases in money during the year 1950/51, exceed substantially the rises in the cost of living, except in India and the Philippines. This suggests that in addition to the ordinary short-term lag between income and expenditure, inflation is being temporarily repressed through larger imports, hoarding and price controls.

Inflation Prospects in the near future

Even on the assumption that international tensions will not worsen, inflationary pressure seems likely to continue. Public expenditures will probably continue to increase, allocated between development and defense in accordance with the condition of the international political climate. In spite of improvement in revenues, the expanded development programmes planned in all countries are likely to result in increased deficits, and in view of the cash-hoarding propensities of the population and the absence of any large private (non-bank) market for government securities, most of the financing of these deficits will continue to fall upon the banks. The trend toward a less unequal income distribution in some of these countries may indeed, at least for the near future, reduce the aggregate voluntary savings available for investment. Increased trade union activity and new minimum wage legislation in the Philippines, Burma and India are factors likely to strengthen this trend.

Though export earnings are likely to decline, it is doubtful whether balance of payments deficits will emerge of sufficient magnitude to offset these inflationary forces. The anti-inflationary impact of future

TABLE 7. CENTRAL GOVERNMENT REVENUES, EXPENDITURES AND DEFICITS

(In millions of currency units)

Fiscal year[a]	Ceylon (rupees)	India (rupees)	Pakistan (rupees)	Burma (rupees)	Philippines (pesos)	Thailand[a] (baht)	Indonesia[a] (rupiah)
1950							
Revenue	623[b]	4,298 [b]	755[b]	456[b]	384[c]	1,393	2,501
Expenditures	741[b]	5,090 [b]	1,294[b]	524[b]	507[c]	1,801	3,907
Deficit	118[b]	790[bd]	539[b]	68[b]	123[c]	144	1,305
1951							
Revenue	853[c]	4,403 [b]	1,237[b]	607[b]	424[b]	1,605[b]	4,855[b]
Expenditures	901[c]	5,748 [b]	1,453[b]	618[b]	535[b]	2,324[b]	6,482[b]
Deficit	94[c]	1,345[bd]	216[b]	11[b]	111[b]	719[b]	1,627[b]
1952							
Budget estimates:							
Revenue	896[e]	4,463 [e]	. .	572[e]	467[e]	2,230[b]	6,445[b]
Expenditures	1,223[e]	5,805 [e]	. .	817[e]	621[e]	3,228[b]	6,948[b]
Deficit	327[e]	1,342[de]	. .	245[e]	154[e]	998[b]	503[b]

a. Calendar year; thus 1950/51 refers to 1950 calendar year.

b. Revised budget estimate.

c. Actual.

d. If net monetary operations are taken into account the deficits are:—

1950 ..	680
1951 ..	1,216
1952 ..	1,219

e. Budget estimate.

U.S. Aid will be limited by the relatively small volume of such aid. So far as the countries under consideration here are concerned, only the Philippines is likely to receive aid on a sufficiently largescale to permit the financing of substantial deficits on foreign account. Foreign investment in these countries is not likely to be large enough to counteract substantially the inflationary impact of development plans.

The export surpluses of Ceylon, Thailand and Indonesia are likely to be reduced or may even be eliminated if export prices are not maintained. If the import prices of these three countries should rise, they would be in a position, for only a year or two at the most, to finance import surpluses, deflationary in their impact. In the Philippines, in view of U.S. aid and the orderly use of counterpart funds, expanded development may be consistent with smaller budget deficits. Future U.S. aid is likely to be more effective in increasing productive capacity *pari passu* with the increase in the supply of money than the U.S. veterans' and war-damage payments of the past few years have been.

TABLE 8. RISE IN COST OF LIVING AND MONEY SUPPLY INDICES FROM JUNE 1950 TO VARIOUS DATES AS SHEWN

(June 1950 = 100)

	Cost of Living	Money Supply
Burma (June 1951)	100	112
Ceylon (Oct. 1951)	104	143
India (Oct. 1951)	113	99
Indonesia (Aug. 1951) ...	160	168
Pakistan (Oct. 1951)	109	120
Philippines (Sept. 1951) ...	112	104
Thailand (June 1951) ...	108	138

For India and Pakistan the decline in export earnings may reduce inflationary pressures but this is likely to be more than offset by programmes of economic development. Burma has a special problem arising from the local political disturbances which retard the recovery of production and thereby lead to cumulative inflationary pressures. Nevertheless, Burma plans to accelerate development activity which has hitherto been kept back.

In the region as a whole, the growth of private investment is unlikely to create much inflationary pressure. As in the earlier postwar years such investment will continue to be largely self-financed. Such expansion of bank credit as may take place in the near future will reflect the growth of trade, especially of foreign trade, and will continue as before to play an insignificant role in financing private as distinguished from government-controlled development.

Increased domestic productivity may mop up some of the increased spending power that will be generated. But, apart from Burma, where the cessation of civil strife would rapidly increase agricultural output and distribution, and India where, in favourable circumstances, substantial increases in industrial production may be possible, increases in production are likely to be slow. The supply of domestic goods, preponderantly of agricultural origin, is inelastic and will increase only slowly as agricultural techniques are improved.

If increased domestic productivity cannot be counted upon in the near future, attention must neces-

sarily be focussed on other means of countering the inflationary forces. The seven countries which we have discussed have had some experience with anti-inflationary measures. We now turn to appraise this experience and to consider what other measures may be available for this purpose.

III. ANTI-INFLATIONARY POLICIES

In this section the various measures undertaken to combat inflation in the countries under review will be discussed. The early part of the section will be devoted to an appraisal of general monetary and fiscal measures and measures of price control. Later certain special measures which some of these countries have undertaken to meet the situation created by the post-Korean export surplus will also be considered.

Monetary Measures and Limitations

Few countries in the region have employed the monetary weapon in any effective manner for combating inflation. The Central Banks are indeed invested with wide legal powers to control credit. In practice, however, not much use has been made of these powers in most of the countries under review. By and large, a cheap money policy has been pursued, and open market operations, as, for example, by the Reserve Bank of India, have been directed, in general, more towards damping down seasonal variations in interest rates than towards curtailing money supply. Since Korean War, however, support to the securities market has been relaxed at times in some countries, such as India and Indonesia, and the bond yield has been allowed to rise[1]. Other methods of credit control have also been used, e.g. by the Central Bank of Ceylon, to meet the current inflationary situation. The reserve requirement of commercial banks against demand liabilities has been raised in Ceylon, and the commercial banks have been asked not to bring balances from overseas for internal lending or to expand credit for non-essential or speculative purposes. In the Philippines, too, certain formal measures have been taken by the Central Bank for the qualitative and quantitative control of credit.

A more direct step, that of withdrawal of currency from circulation, was attempted in Indonesia and Thailand. In Thailand, in February-March, 1945 notes of the denomination of baht, 1,000 were withdrawn from circulation in exchange for savings bonds. But the effect was short-lived, as the savings bonds were redeemed in February, 1947. In Indonesia the monetary purge of March 1950 involved the withdrawal of about 40 per cent of the money in circulation. But there too the gap thus created was soon filled by the issue of more currency in response to budget demands.

1. Since the paper was written, the Bank rate in India has been raised from 3 per cent to 3½ per cent.

While most of the Central Banks in the region have been extremely cautious about using the monetary weapons at their disposal, it is doubtful if, even had they used them, they would have been effective enough. This raises the important question of the role of monetary policy in an underdeveloped economy.

Forced sterilization of money on the lines of the experiments in Indonesia and Thailand may be ruled out as a step too drastic for serious consideration in such inflationary situations as most of the countries here reviewed have to face. In any event, while, given an administrative machinery efficient enough to apply it equitably, the measure, drastic as it is, may prove to be a corrective against latent inflation, it is hardly of any use in solving the problem of current inflation.

The normal monetary policy open to a Central Bank for counteracting inflation is also subject to serious limitations in an underdeveloped economy. In the first place, the banking system is not sufficiently highly organized for the Bank rate to be effective. Most Central Banks in the region are new and have yet to establish links with other financial institutions which will enable them to influence the market rate of interest. Secondly, bank money which is directly influenced by the rate of interest forms only a small proportion of the total volume of money in circulation. Currency notes are the major media of exchange forming, in most cases, about two-thirds of the total money in circulation; and in so far as they are created in response to deficit financing, their supply is little influenced by the Bank rate. Thirdly, even private investment is not in most cases directly related to the interest rate. Not to speak of the agricultural sector where the banking system hardly plays any role, even in industries a large part of the finance is often provided by agencies which are virtually independent of the banking system. Moreover —and this applies not only to an underdeveloped economy but to advanced economies too,—speculative holding of stocks which, originally an outcome of inflation, in its turn accentuates the inflationary pressure, is little affected by monetary policy. In times of rising prices, so long as expected gains from future sales offset interest charges, interest policy, however stringent it may be, is impotent to check speculative holdings.

On the other hand, if the objective is to draw savings from the public rather than to check investment, the Central Bank's monetary policy is of little use. Mass savings are necessary if inflation of the kind under consideration here is to be dealt with; they, however, are limited not so much by the level of interest rates as by lack of institutional facilities. Bank policy touches only a fringe of the population and is incapable of yielding any measurable results in respect of saving.

Similar considerations apply to Central Bank control of credit via the reserve ratios of commercial banks. Even where the banks under the jurisdiction of the Central Bank play a significant role in the economy, their normal reserve ratio is so high that any reasonable increase of the legal ratio leaves their credit position more or less unaffected. In Ceylon, for example, while the revised legal ratio is 14 per cent of demand liabilities, the ratio normally maintained by the commercial banks is more than 20 per cent of their aggregate liabilities. In India, the normal reserve ratio maintained by the scheduled banks during the postwar period has been between 10 and 12 per cent of aggregate deposit liabilities, while the legal ratio against demand liabilities is at present only 5 percent. The situation becomes more difficult where, as often is the case, the banks hold a considerable amount of foreign assets, for the effects of any change in reserve requirements can then be counteracted by cashing these foreign assets. Something like this seems to have happened in Ceylon.

If these indirect methods of monetary control are by the nature of the case more or less inoperative in the region, the scope for the direct method of withdrawing money through open market operations is also likewise limited. There is no organized stock market in any of these countries, except India. The stock of securities that the Central Banks carry in their portfolio is also extremely limited in all these countries, and does not permit extensive open market operations. Moreover, while development is being pushed forward, even limited operations are ruled out, for they would not only affect the *bona fide* lending operations of commercial banks but also clash with the borrowing programme of the Government. Indeed any significant deviation from a cheap money policy and the creation by the Central Bank of stringency in the money and capital markets, even if these were practicable, would put a severe strain upon Government finance already burdened, in most cases, with a heavy debt, and would be inconsistent with the basic idea of planned economic development. The objective of the Central Banks, as also of the Government, during all this period of inflation, has been not so much to restrict investment as to canalize it into proper lines. The chief endeavour, on the monetary side, has therefore been to exercise moral suasion for the prevention of credit expansion for speculative purposes.

Fiscal Measures and Limitations

Greater reliance has therefore been placed in all these countries on fiscal measures to counter inflation. Both direct and indirect taxes have been raised, and intensive savings campaigns launched with varying degrees of success. In India, for example, apart from the general savings drive, a special measure of compulsory saving has been introduced since the devaluation of September 1949. It is, however, limited to a narrow field and applies only to government employees above a certain salary limit. In the first postwar budget a capital gains tax was introduced; but it was soon abandoned because of its unfavourable reaction on investment. The budget still contains a special corporation tax, super-taxes and income tax surcharges. In all these countries, however, the yield from direct taxes is considerably less than that of indirect taxes. In Pakistan and Thailand, during the last two fiscal years, the revenue from customs duties alone has been about six to seven times the revenues from direct taxes, and in Ceylon about 3 to 4 times. This is mainly a result of the imposition of new duties and the raising of old duties on exports as a measure for countering the current inflation which the post-Korean boom has engendered in many of these countries. Great emphasis is indeed being placed, for example, in Ceylon, Pakistan and India on export duties as an instrument to offset the current inflationary pressure induced by an export surplus. India and Ceylon, which are food-importing countries and where, especially in view of the devaluation of the rupee, import prices have risen in terms of domestic currency, are also supplementing export duties with food subsidies. These subsidies are calculated to keep down the cost of living and hence the supply price of domestic goods in general.

In addition to these measures for increasing revenue, attempts have been made in some countries to cut down expenditure. In India, for example, an eight-point anti-inflationary programme announced at the time of the devaluation of the rupee included economy in governmental expenditure as a major objective. But in view of the needs for rehabilitation and development in some countries, such as India and Pakistan, and reconstruction and maintenance of internal order in others, such as Burma and Indonesia, the scope for such economies is apparently limited.

Despite all these efforts, few countries in the region have so far made any significant progress towards disinflation by means of fiscal measures. Here, too, as in the sphere of monetary policy, there are certain limiting factors. First, the income tax coverage in these underdeveloped economies is very small and is insufficient to enable revenue from direct taxation to cope with extraordinary demands on the exchequer. In India, for example, which is one of the countries in the region where direct taxes have the longest history and make relatively the largest contribution to the budget, out of a total population of over 350 million, only about

700,000 persons pay income tax. Even within this limit, the administrative machinery is inadequate and tax evasion is widespread. Further, corporation taxes are limited in most countries by incentive considerations. Many countries of the region have indeed found it necessary, even amidst inflation, to grant special concessions in regard to taxes on business profits with a view to attracting foreign capital and to encouraging new industries. Proposals to increase indirect taxes, leaving aside for the moment the special export duties imposed to counter the effects of the recent export boom, although they certainly deserve the most serious consideration, meet the following dilemma: the proceeds of indirect taxes on luxuries do not increase as rates are increased, the demand for most of these goods being elastic; on the other hand, indirect taxes on necessaries are inequitable. Indeed consumption taxes, in so far as they fall regressively upon the poorer section of the community, may be in effect just as inequitable as an inflationary rise of prices, and, although they relieve the pressure on the government budget, they cannot be carried beyond a certain limit in view of possible repercussions on wage demands. If the tax structure of countries in this region is to be broad-based, as it should be, considering the general level of income of the population and the demands on the exchequer, it should perhaps be so framed as to bring a wider class under the income tax schedule. Special attention should also be given to the improvement of the administrative machinery for tax collection. The additional costs of more efficient administration would probably ultimately yield a more than proportionate return. The scope for the extension of compulsory saving in India and its introduction in other parts of the region might also be reviewed. When all is said, however, it is impossible that the extraordinary demands to which the exchequer in these countries is liable should be met by normal Government receipts. In the absence of adequate foreign loans, deficit financing with corresponding inflation is unavoidable if what is regarded by these countries as the minimum rate of development is to be maintained.

Price Control

Several countries of the region are using price control and rationing as a means of curbing inflationary pressure. In India, the machinery of price control and rationing has been in operation since the latter part of the war (except for a period of about six months, between December 1947 and July 1948) and covers a wide range of goods, including food, cloth and certain essential raw materials. In other countries, e.g. Indonesia, Thailand and the Philippines, where a free market had been maintained for some years after the war, the machinery of price control has been reintroduced to meet the new inflationary pressure that has started since Korea. Pakistan, which inherited the system from undivided India, has since abandoned it except with respect to sugar which is in short supply there.

Where monetary policy is ineffective and taxation and voluntary savings are inadequate, one way of sterilizing money is to prescribe price ceilings and to ration goods. But the policy has its obvious drawbacks. It needs a costly administrative machinery such as none of these countries appears to possess. The black market is a common phenomenon in those places where price ceilings have been introduced. Moreover — and this applies specially to a diversified economy such as that of India,—unless the policy is applied widely relative prices become distorted and there is a tendency to transfer productive resources from controlled to uncontrolled goods, thus making the shortage of the former more acute. Part of the explanation for the food shortage in India is perhaps to be found here. And finally, even if the policy is broadbased and effective, it only suppresses inflation and does not cure it. The idea behind price control and rationing in present circumstances seems indeed to be to provide a breathing space which will permit ultimate adjustment of the inflated money income to goods through a gradual expansion in the output of the latter. Even from this point of view, the experience of the countries where price control is practised is not altogether reassuring, the transition being marked by all kinds of leakages.

Liberalization of Imports

One of the most effective anti-inflationary measures undertaken since the end of the war has been the progressive liberalization of imports. Postwar budget deficits would have produced a much more severe inflationary pressure without the payments deficits that accompanied them. The latter have been the result of heavy imports, made possible in the main by a gradual relaxation of import controls. As we have seen, in some countries—India and Pakistan, for example,—the payments deficits over the early part of the postwar period more than counterbalanced the overall budget deficits. This large inflow of goods had, at least in the case of Pakistan, a damping effect on prices. Here indeed was a way of attaining monetary equilibrium for those countries which had accumulated a large foreign exchange reserve during the war. If the payments deficits had been allowed to have their full effect upon the internal currency supply,—if, that is, the depletion of the external assets were accompanied by a corresponding withdrawal of domestic cash,—there might have been a progressive tendency towards an elimination of profit inflation and an adjustment be-

tween internal and international prices. Internal budget deficits, however, stopped this process, with the result that there was little internal disinflation and continued payments deficits used up the foreign exchange reserve. In India, for example, the sterling balances which stood at about Rs. 17 billion at the end of the war, were reduced by the middle of 1949, after deductions on account of transfer to Pakistan and the purchase of pension annuities, to just about Rs. 8 billion. A brake had ultimately to be imposed, which came in the form of currency devaluation. With the exception of Pakistan and the Philippines, all the countries of the region devalued their currency in 1949 along with the devaluation of sterling[1].

Neutralization of Export Surplus

Since devaluation, and the international developments arising from the Korean war, the payments position of these countries, all of which are partly or wholly exporters of raw materials, has been reversed. The export boom has converted their balance of payments deficits into surpluses and additional inflationary pressure has thus been created.

On the face of it these export surpluses may appear to be artificial, for controls, though somewhat relaxed, still limit the imports into countries of the region. It might therefore be supposed that a further relaxation of these controls, allowing more imports to come in, would be adequate to deal with the specific inflationary impact of their export surpluses. The reality of the situation, however, is more complicated. Apart from the fact that some of these countries, as members of the sterling area, are prevented from taking unilateral action for the liberalization of dollar imports, there are other difficulties too, associated with the kind of imports available abroad and the kind of imports, that could be permitted consistently with internal economic development. Faced with the problem of economic development, governments are anxious not to dissipate foreign exchange receipts by excessive imports of consumers' goods; protection for domestic industries is also an important consideration in some countries. The availability of capital goods is limited by the rearmament preoccupations of the more advanced countries, and imports of such capital goods as may be available are limited by the capacity of these countries to use them effectively at their present stage of planning. There is therefore a general tendency to conserve the foreign exchange arising out of the present export boom and to adopt special measures to prevent the specific inflationary impact of the export surplus.

Reference has already been made to export duties, a system in operation in Ceylon, India and Pakistan. The object of these duties is to appropriate for the exchequer a part of the export proceeds which would otherwise enter into producers' incomes, and thus to prevent not only a rise in the internal prices of exported goods but also the general inflationary pressure that the spending of higher producers' incomes would involve.

A policy similar in its effects, although different in form, has been in operation in Thailand and Indonesia, where there are differential rates of exchange for exports and imports. Although the operation of this multiple currency system is somewhat different in the two countries, the principle is the same. The exporters are required to surrender a part of their foreign exchange earnings at an official rate which is kept higher than the market rate at which the importers have to buy foreign exchange. On the average, therefore, the exporters receive a price in domestic currency which is lower than it would be if they could sell all their foreign exrhange freely in the market. The importers, on the other hand, have to pay for their imports a higher price in domestic currency, for they have to buy foreign exchange at the lower market rate. The net receipts earned by the monetary authorities from the difference between the buying and the selling rates are sterilised as far as possible or used to cover budget deficits.

The object of differential rates of exchange as well as of export duties is to mop up the counterpart in domestic currency of the net accumulation of foreign exchange arising from the export surplus. In practice, however, these devices can only be partly effective. A too high buying rate of exchange affects the volume of exports in the same way as too heavy export duties. On the other hand, if a too low rate of exchange is maintained for imports, the cost of living increases and the consumers suffer. The governments have therefore to use great caution in fixing the rates of foreign exchange or the rates of export duties. In Ceylon and India, where the system of export duties is employed, a special difficulty arises from the fact that export duties are accompanied by food subsidies which absorb a large part of the proceeds of these duties.

It might be suggested that these countries might effect an appreciation of their currencies to meet the situation created by the export boom. This is a matter which has in fact received some attention in the press in some of the countries. The reasons why no such step has been taken seem to be these: first, an appreciation of the currency would tend to eliminate the export surplus and might also engender an import surplus; secondly, it would affect foreign trade as a whole

1. The baht in Thailand, however, was devalued to a lesser degree than the pound sterling.

and destroy the protective benefit that particular industries in some of these countries apparently need; thirdly—and this is by far the most important consideration—the export boom was apparently to be of a temporary character and thus raised a problem which required temporary expedients for its solution; the expedient of a general appreciation of currency would be inappropriate for the situation.

The long struggle with inflation in these countries illustrates in general a conflict between the long-run aim of expanding production to match an inflated money supply and the short-run aim of curtailing money supply to match current output in short supply. In applying anti-inflationary measures none of these countries seems to have gone far enough. Partly, no doubt, this is due to the limitations of such measures which are inherent in the structure of these economies and in the machinery of administration. But partly, also, it is due to a fear that restrictive measures, if carried beyond a certain limit, would destroy the incentive to investment and would frustrate the ultimate objective of increased future output. The countries under review have, it appears, adopted a policy of compromise, and if they have so far failed to effect any genuine disinflation, they have at least succeeded in preventing from going out of hand.

IV. SOME CONCLUDING REMARKS

The question was raised in Section I whether deficit financing of developmental expenditure is justified in an underdeveloped country. Since the Korean conflict, most countries in the ECAFE region have taken advantage of the boom in raw material prices to raise extraordinary revenues, and budget deficits have declined as a consequence. It might seem that at least for the time being, the problem of finding non-inflationary finance for developmental expenditure is much less acute.

The problem, however, still appears now, though in a different form—viz. in the form of neutralizing the inflationary impact of the export surplus most of these countries are having currently. If the extraordinary revenues available through export duties, multiple currency practices etc. were added to government cash balances rather than spent on current expenditure, export surpluses would be less inflationary, but budget deficits would be larger. If, on the other hand, these extraordinary revenues are utilized for current expenditure and the budget is balanced with their help, the inflationary effects of the export surplus would remain. Budget deficits and export surpluses have the same rationale from the point of view of under-developed countries. The reasons why countries have not eliminated an export surplus by admitting imports on a large enough scale are to be found mainly in their rather limited capacity of absorbing large amount of capital goods within a short period and their desire to accumulate foreign exchange reserves for future developmental purpose; and against possible future adverse turn to their trade balances, should foreign demand for their exports fall drastically. But if the export surplus is not to be inflationary, its effects must be offset by a budget surplus even if it is at the expense of current developmental expenditure. If most countries are unwilling to counteract the building up of foreign exchange reserves by a reduction in the formation of domestic capital, it is in the hope that it is better to live with some inflationary pressures than forego some capital formation. In so far as the export surplus reflects an improvement in terms of trade it represents a windfall of resources to the countries, and enab'es them to build up foreign exchange reserves without any sacrifice of current consumption. In this respect, an export surplus associated with an improvement in terms of trade is similar to a budget deficit for developmental projects which employ factors hitherto unemployed.

It would seem that in spite of their stronger budgetary position, most countries in the ECAFE region must continue to experience inflationary pressures if foreign exchange reserves are to be built up and the current developmental expenditures at home are to be maintained. One cannot expect attempts to control these inflationary pressures to be completely successful. But the only sensible course, as has already been suggested, is to resort to trial and error—to combine variations in rates of taxation, in import controls, price controls, and in developmental expenditures from time to time as circumstances demand without either accepting a doctrinaire "orthodox" philosophy of finance, or expecting inflation to lead smoothly and automatically to the desired rate of capital formation. It may be that much of the developmental expenditure is now on projects which have already been started and that it would therefore be difficult and wasteful to stagger the completion of these projects. It may also be that other anti-inflationary policies may prove too irksome and some countries may have to forego the formation of foreign exchange reserves through a further relaxation of import controls. There is, however, already a tendency for export surpluses to decline in most of these countries. The terms of trade are indeed moving in favour of industrial countries. Even if inflationary pressures are eliminated by removing export surpluses and budget deficits, most countries in this region will have to accept some rise in the price level as a result of rising prices for imports.

But granted that the only course open to countries in this region is a flexible blend of policy with respect to developmental expenditure and inflation, will there be sufficient capital formation in the near future to ensure a rise in the standard of living? Or are the conditions in this region such that in the words of the Red Queen, "it would take all the running we can do to keep in the same place"? The answer to this question depends largely on such factors as population growth, elimination of organizational and social bottlenecks to production, the extent of potential natural resources, etc., which lie outside the scope of this paper and which may vary considerably from country to country. But in attempting to consider ways and means of mobilizing domestic capital for economic development, we should not lose sight of the possibility that even with the best will in the world, the amount of capital formation that can be undertaken from domestic resources alone may not be adequate to ensure even a modest improvement in the standard of living in the region as a whole.

INDUSTRIAL ORGANIZATION IN THE PUBLIC SECTOR IN ECAFE REGION[1]

Since the end of the Second World War, the role of government in the economies of countries of Asia and the Far East has been based on general acceptance of the need for central economic planning. Its role has covered not only what may be described as basic development but also other fields where initiative from private capital and enterprise is not forthcoming. For example, in Burma, hydro-electric power, road and water transport, forestry and the development of mineral resources have been scheduled for management as state enterprises or monopolies. In Ceylon, power, iron and steel, cement, heavy chemicals, and special drugs and pharmaceuticals have been designated for nationalization or for state monopoly. Furthermore, in Ceylon it is the official view that those industries which are of strategic value in the industrial development of the country, those that are likely to be monopolistic, and those that require large capital outlay, can best be undertaken as state enterprises. In India, the manufacture of arms and ammunition, the production and control of hydro-electric energy and the ownership and control of railway transport are the monopoly of the state. Multi-purpose projects, involving long-term investment on a large scale, are to be financed and managed by government. In the case of coal, iron and steel, aircraft, ship-building, telephones and telegraph and wireless apparatus, and mineral oils, the setting up of new producing units will be the responsibility of government except where participation of private enterprise is considered desirable in the public interest. The Industries (Development and Control) Act, recently passed by the Indian Parliament, provides that government may assume direct control of industrial undertakings when it is found that they are being managed in a manner highly detrimental to the industry concerned or to the public interest. Also, where expansion is considered urgently necessary in the national interest but where private capital and enterprise are not forthcoming, the Government may assume responsibility for initiating development. In Pakistan, three categories of industry, namely, arms and ammunition of war, hydro-electric power, and transport and communications apparatus and equipment, are to be owned and operated by the state, while participation by the latter, either exclusively or in partnership, with private enterprise, is permitted in six other industries: jute, paper, heavy engineering, ship-building, heavy chemicals and fertilizers. In the Philippines, the establishment of industries under state ownership is mainly confined to basic industries, such as steel, iron ore, iron and steel, industries using processes that are well proven in other parts of the world, and industries using local products as raw materials.

SCOPE OF THE PUBLIC SECTOR

The scope of the public sector in the economies of countries of the region has been determined partly by pre-war historical developments and partly by the policies adopted since the war. Historically public ownership and management was limited to a few categories of activity relating mainly to rail transport, public utilities, electric supply and irrigation works. Manufacturing or trading activities on the part of the state were confined to a limited number of products consumed by government itself, e.g. ammunition, printing and stationery. During the Second World War, additional activities were undertaken by many governments, particularly in respect of trading in strategic materials and vitally needed commodities in short supply. In several countries, these activities included the starting of new industries.

After the war, in addition to continuing war-time economic activities, many governments found it necessary, by reason of the enormous requirements of rehabilitation and reconstruction, to participate directly and increasingly in industrial and economic enterprises. A few governments, notably the Governments of China and of the Republic of Korea, acquired enemy properties comprising industrial and trading assets, which they kept in operation under direct state control.

Perhaps the best indication of the growing scope of the public sector in countries of Asia and the Far East is contained in their development programmes, a striking feature of which is the preponderance of governmental as compared to private capital outlay. For example, in Burma, the proposed expenditure by government under the National Development Fund, aggregating Rs.315 million in 1948-51, represented practically all the investment for development work that is possible during that period. In Ceylon, the proposals

1. Extracted from E/CN.11/I&T/51 presented to the fourth session of the ECAFE Committee on Industry and Trade in Rangoon, 18-22 January 1952.

first put forward represented a total of Rs.1,740 million; under the Six-Year Plan the development expenditure for the first year (1948-49) amounted to Rs.140 million for industries and Rs.130 million for utilities, and covered practically all fields of development work. In Thailand, the Government proposes to undertake considerable capital expenditure. The Draft Development Plan of the Federation of Malaya and Singapore involves a capital expenditure of M.$28,316,000. Nepal's public expenditure under the first five-year plan is estimated to be about Rs.90 million. In India, the proposed capital outlay by government in 1951-57 is of the order of Rs.18,400 million, against which private investment during the same period, at the current rate of investment, would be of the order of Rs.10,000 million. In Pakistan, out of Rs.2,600 million estimated capital outlay in 1951-57, private enterprise is expected to provide only Rs.400 million.

PROPOSED CAPITAL EXPENDITURE BY GOVERNMENTS OF THE REGION

(US$ thousand)

Country	Period Covered	Agriculture, Fisheries, Forestry, Livestock & Irrigation	Transport & Communication	Electric Power	Industry
Burma	1948-51	—	—	14,000	125,000
Ceylon	1951-57	106,400	61,600	22,400	16,800
Hong Kong	not given	1,399	—	3,468	—
India	1951-57	1,273,290	11,716,230	120,628	376,960
Indochina	first 5 yrs.	140,977	137,900	35,000	47,500
Nepal	first 5 yrs.	2,679	3,141	5,878	6,701
Malaya and British Territories of Borneo	1951-57	36,400	59,080	56,280	560
Pakistan	1951-57	246,980	159,638	135,542	153,614
Philippines	1950-54	14,817	18,853	2,500	5,602

Sources:

Burma: Semi-official estimates.

Ceylon: Post-war Development Proposals 1949-55. Does not include private investment. Data from "The Colombo Plan for Cooperative, Economic Development in South and South-East Asia". Does not include private investment.

India: Data from "The Colombo Plan". Includes "desirable" private investment.

Indochina: Estimates given by the Sub-Commission on Modernization of Indochina, 1948.

Nepal: Data supplied by Government.

Malaya & British Territories of Borneo: Data from "The Colombo Plan". Does not include private investment.

Pakistan: Data from "The Colombo Plan". Does not include private investment.

Phillippines: Annual Report of the National Economic Council.

In agriculture, fisheries, forestry and irrigation, government capital outlay is directed to extension of facilities rather than to direct ownership or operation. In the case of transport and communications, a large proportion of capital outlay is for building railways, roads, ports, and post, telegraph and cable services, and government operation is widespread. Ownership and operation of electric power generation, as well as distribution, are likely to be almost entirely the responsibility of the state. As part of planned industrial development, industries ranging from fertilizers to railway coaches and from iron and steel to textiles, will come under the ownership and operation of the state. State ownership and management of defence industries, developed during the past fifty years, will almost certainly continue. What is perhaps the most significant trend in state ownership and management lies in the assumption by government of responsibility for the development of specific areas, such as the Damodar Valley in India and the Gal Oya in Ceylon, where the development of social services is an essential concomitant of economic development.

The extent of the public sector in individual countries of the region is outlined below:

In *Burma*, before the war, state ownership and management were confined to a limited number of activities, mostly of municipal, utility and service type, such as waterworks and sewage and sanitation activities of municipal corporations, as in Rangoon and other cities, harbours and port facilities, and railways. Immediately after liberation, the Government had to assume trading functions in order to meet the urgent need for consumer goods in face of worldwide shortages of supplies and dislocation of internal and external trade. In the task of rehabilitation, a deliberate policy of nationalization was followed, particularly in regard to the rice and timber trade and inland water transport. Official policy also envisaged government participation in the country's oil industry. The Government took

the initiative in establishing manufacturing industries such as sugar, textiles and tiles, as well as civil aviation activities. Burma's development plan further includes state ownership of hydro-electric supply, and of the production of paper, chemicals, and iron and steel.

In *China*, before the war, only a few economic activities were undertaken by the Government, most of these relating to transport, utilities and municipal services. Even here, the extent of state ownership was limited. Foreign loans were acquired on the basis of guarantee of assets, interest thereon, or profits therefrom, along with some form of foreign supervision or control. During the war, the Government undertook a number of activities, either directly or in participation with private enterprise. As a result, in several industries, e.g. munitions, iron and steel, chemicals, machine tools, mining, shipping and aviation, the Government acquired full or partial control. After the war, the Government came into possession of a number of previously Japanese-owned industries, including textiles, chemicals, fertilizers, mining, iron and steel, sugar, aluminium, and a petroleum refinery. These enterprises were retained and operated by Government, thus meeting a growing popular demand for nationalization of industries. At the present time, on the mainland of China, the Government of the People's Republic has pursued an extensive policy of nationalization, as a result of which many previously foreign-owned enterprises, including coal-mining and electric and gas supply, have been taken over by the state.

In *Ceylon*, government participation in industry before the war was confined to a few activities such as rail transport, electric supply, management of port facilities, and municipal water supply and sewerage. Just before and also during the war, however the Government built a number of small and medium-sized factories, e.g. for the production of plywood, glass and ceramics, coir, acetic acid, quinine and rubber and for steel rolling and saw milling. These factories continue to be owned and managed by the state and constitute the bulk of manufacturing activities in the country. In its development plan, the Government contemplates the reorganization and modernization of existing industries as well as the development of new industries, including steel, cement, textiles, paper, hydrogenated coconut oil, caustic soda and DDT. It has also commenced development of new areas through multi-purpose irrigation the Gal Oya scheme.

Hong Kong, being essentially a trading centre, does not offer any substantial scope for governmental ownership of industrial ventures. Governmental economic activities have been confined to essential services, such as port and harbour facilities, and electricity and water supply. Schemes of post-war development relate primarily to town-planning and development of urban areas. Construction of landing piers, development of additional harbour facilities, construction of markets, establishment of village depots, and activities related to the welfare of the community or which would facilitate the Colony's trade, are the major types of economic activity on which the Government is concentrating.

Of countries of the region, *India* has perhaps the longest tradition and the most extensive development of state enterprise. Apart from the Post and Telegraph, which is the oldest state enterprise, railways constitute the largest enterprise in terms of capital investment, employment and revenues. In the early stages of railway development, private enterprise was favoured although government was called upon to guarantee interest or profits on private investments. At a later stage, government built a number of railways, both for commercial and strategic purposes, although the management was entrusted to private companies. However, in the last two decades, all private railways have been acquired by the state which today owns railway assets valued at Rs.9,000 million; in addition, there are the major railway workshops and engineering facilities. Electric power is another important field of state activity, over 50 per cent of electric generating capacity having been built by government. A major part of this is hydro-electric. Irrigation facilities are almost entirely built and managed by government. Development of ports has been undertaken under government auspices. Factories for making munitions and supplying special defence needs have been set up under the ownership and management of the state. The state also owns a number of salt works. Apart from this, a number of Indian States have entered into various commercial and industrial undertakings such as banking, steel, chemicals, textiles and leather. Among other undertakings may be mentioned the utilities, including city transport in a few cities, and the entire municipal services such as water-supply, sewerage and land reclamation. With the growth of commerce and industries, the development of larger cities was undertaken under government auspices through what are known as development trusts, and almost all important cities in India today are developed through this form of public agency.

The Second World War brought about a remarkable growth in state enterprises in India. In addition to supplying services, the Government for the first time entered the field of wholesale and retail trade, including the import, local procurement and distribution of foodgrains, in regard to which it continues to play a large part. Government also bought large quantities of supplies, such as raw cotton, with a view to safeguard-

ing the interests of the agriculturists when export outlets were closed on account of war. As part of the war effort, the Government took over the operation of a number of private properties, e.g. jute presses, boats, country craft, and transport vehicles. During the war, the Government was not only the biggest employer of labour in numerous construction and engineering works, but also the biggest purchaser and seller of materials, goods and services, a large part of these operations being undertaken on behalf of the Allied Governments. While many of these wartime activities of government ceased after the war, the scope of government activity nevertheless continued to expand. Government, more especially Provincial Governments, have undertaken new responsibilities in transport and public utilities. There are also new developments, dictated by the urgent needs of the country, such as the setting up of a special factory for the manufacture of fertilizers and medical supplies. To provide housing and shelter to the displaced and refugee population, government had to assume responsibility for building houses. A number of basic industries, including fertilizers, steel, electrical and chemical plant, aircraft, machine tools, rail coaches and locomotives, ship-building and mercantile shipping, dry-core cables, radio equipment, telephones, DDT, penicillin and sulfa drugs and prefabricated houses, are to be initiated by government with a view to providing the basis on which other industries can be developed. Most of these will be state-owned and operated; exceptions include locomotives, ship-building and mercantile shipping, international shipping, and aviation, in which government will participate with private enterprise. Through the Industrial Finance Corporations, esta blished by the Central as well as some Provincial Governments, the state will also assist private enterprise. Some Provincial Governments have established, or propose to establish, factories for the production of paper, cement, plywood, ceramics, etc.

Before the war, state ownership in *Indochina* was limited to a few undertakings, mostly of municipal and service type, like water-supply, dockyards and utilities. Only some of the existing electric power installations were state-owned. Since the war, there has been no deliberate trend towards nationalization, although it is understood that the salt and power alcohol industries have been brought under state monopoly. As regards the future, no definite policy has yet been laid down. The Report of the Sub-Commission on Modernization of Indochina, 1948, mentions the development of hydro-electric power through the extension of the Ankroet Plant and the harnessing of the Bellevue Falls in Danhim. The plan proposed by the Sub-Commission includes use of budgetary funds, or grants and loans from France, particularly for electric power, agriculture and mining. The Sub-Commission also favoured state guarantees to private investment in agriculture and industry.

In *Indonesia,* before the war, state ownership and management in economic fields were confined to utilities and service facilities such as railways, harbour facilities, water supply, irrigation and a few electric power plants, particularly in Java and Sumatra. Some local authorities also engaged in electric power supply and distribution. Although the extent of state participation has not yet been defined, present tendencies indicate a mixed economy. The development plans include irrigation works, water power projects, road-building, saw-mills, electricity works, enlargement of civil aviation, rehabilitation of railways, harbour development, extension of fishing fleets, and shipping canals, which, it is assumed, will be wholly or mainly state-owned and managed. Among the twenty-one industrial projects are five priority projects, relating to spinning mills, paper factories, a cement factory, and the manufacture of agricultural implements, which are likely to be financed by government. In the construction of the Djakarta Spinning Factory, half the capital was provided by government. There are also proposals for government to set up pilot factories for refining resins and to establish state-owned rice mills. It is probable that, with the establishment of a Development Bank, the state will assume financial interest in other undertakings.

In the *Republic of Korea,* after liberation, the Government took over all Japanese Government and privately owned enterprises. These included railroads, public utilities, many dwellings, shops and commercial buildings, workshops, electric power plants, harbour installations, factories for cement and cotton and woollen textiles, coal, iron ore and tungsten mines, salterns, shipping fleet, fishing fleet, ship-building and repair yard, steel plants and the telephone exchange system. The Government has not yet defined the scope of the public sector in respect of these undertakings, and state ownership and management have been continued. The Constitution of the Republic of Korea stated that certain enterprises, such as transportation, communications, power, irrigation, and water-supply, shall be managed by the Government, and that the mines and mineral reserves shall be state-owned. In 1950, it was the intention of the Government to dispose of many of its holdings, though the policy and method of disposition was not clear; however, responsibility for their management and operation has continued to rest with the Government.

The extent of state ownership and management of economic activities in *Nepal* appears to be limited to

a few municipal utilities, such as transport and water supply. The five-year plan, prepared by the Government, includes development of agriculture, industry, mining, power and transport. No indication is, however, available as to the extent of state participation. The Government of Nepal is co-operating with the Government of India in the erection of a dam on the Kosi river which will provide power and irrigation water to India as well as the eastern part of Nepal. In the industrial field, the plans envisage establishment of cotton and woollen mills, tannery, paper and pulp mills, cement factory, saw mills, rice mills, oil mills, sugar mills, etc. It appears that some form of government participation with private capital and management may eventually develop.

In *Malaya and the British Territories of Borneo*, there has been very little state ownership and management of economic activities. Only in a limited number of fields, such as transport, water and electric supply, harbour facilities and postal and telecommunications, is there state ownership and operation. The declared policy of government is to leave the development of industry and agriculture to private enterprise. Apart from expanding certain facilities for example railways, harbours, aerodromes, electric supply, irrigation and fisheries, government does not propose direct participation in ownership or management of industrial undertakings. However, municipal ownership is likely to be extended in respect of housing and other welfare activities. Recently, the Singapore Government notified purchase by December 1954 of the privately-owned Oriental Telephone and Electric Supply Company Ltd. The Government of the Federation of Malaya, by an Electricity Ordinance (No. 30 of 1949), set up a Central Electricity Board for the purpose of operating, establishing and developing electric power generation and distribution. In many of these new activities, government obtained financial aid through the Colonial Development and Welfare Act and the Colonial Development Corporation.

At the time of partition, *Pakistan* inherited a number of state owned commercial and industrial undertakings, such as railways, port trusts, irrigation works, electric power stations and distribution facilities, and water supply works. During the war, in the Indo-Pakistan sub-continent, government undertook trading and commercial activities, e.g. in respect of the procurement and distribution of food-grains and other civil supplies, purchase of defence supplies and manufacture of arms and ammunition. Many of these government commercial activities ceased after the war. As an emergency measure, government has, however, often entered into domestic and foreign trade, e.g. in government purchase of raw jute through the Jute Board. In implementing the development programme, the Government of Pakistan has expanded its activities in irrigation, port development, electric supply, transportation, etc. It has created a number of financial institutions, e.g. the Industrial Finance Corporation, the Industrial Development Corporation, the Agricultural Development Finance Corporation, and the Refugee Rehabilitation Finance Corporation. However, the activities of these institutions are directed more towards provision of grants, loans and long-term finance to private enterprise, than towards state ownership and management. In developing new industries or expanding existing ones, government has often assumed financial partnership, through agreements with private capital, without any degree of control in their management. According to its Industrial Policy Statement, while private enterprise will be given full scope, government will regulate and control it in respect of several industries. State ownership and management will be restricted to defence industries, hydro-electric power, and transport and communications apparatus and equipment. The Six-Year Programme, now being implemented, conforms to this pattern of state participation. Agricultural development, irrigation, expansion and development of railways, ports, roads, communications, and development of electric power, are specified for development directly under government, which will provide finance and create suitable machinery for operation. Finance allocated for the development of certain industries, e.g. coal, cotton, textiles, jute and paper, will be used to assist and supplement the efforts of private enterprise. The Government will only regulate and control the industry at policy level through bodies like industrial advisory committees. It is likely that a few industrial undertakings, e.g. DDT plant, chemical fertilizers and possibly the iron and steel industry, may be directly owned by the state. Some of the Provincial Governments may also finance industrial enterprise, such as the paper mill in East Pakistan, with a view to hastening development where private enterprise is not immediately forthcoming. Some of these enterprises may, however, be eventually transferred to private enterprise.

In the *Philippines*, the history of state ownership of commercial enterprises dates back to the First World War. In 1916, the Philippine National Bank was organized. In the same year, the state acquired full ownership and control of the Manila Railroad Company, previously a British-owned and operated enterprise. In 1919, responsibility for the water supply and sewer system in Manila was entrusted to a public body. The most important development, however, was the establishment of the National Development Company in the

same year to serve as an agency of the Philippine Government in the furtherance of its economic policies. It was through this agency that government gradually entered the fields of commerce, industry, mining, agriculture and other economic activities. The policy of the Government during this period was flexible. The National Development Company could hold either the entire interest or a majority interest in all subsidiary companies organized by it. It could purchase stocks in any private corporation without having to acquire a majority interest therein. The Government did not intend to replace private enterprise; in fact it welcomed private capital, including foreign capital. The primary aim of the Government was to assume leadership in national economic development and to step in where private enterprise was not willing to act. Since then, largely through the operation of the National Development Company, the Philippine Government has initiated, or acquired control over, a number of economic activities such as cement, sugar refinery, hotel industry, railroads, water supply, abacca and other fibre industries, airports, coconut industry, small business corporations, food processing industry, land settlement, electric power, rice and corn industry, tobacco industry, banking, finance, and rural development. After the Second World War, many more fields were entered by the Government, for example, shipping, civil aviation, financing of reconstruction and rehabilitation, trading in civilian supplies, purchase, sale and export of agricultural produce, insurance, price stabilization through government purchase and sale, and charity sweepstakes. Many of these government activities, which were financed and operated by separate companies, had chequered careers. Some sustained considerable losses and were reorganized. They have at times been subject to investigation by special Commissions or Congressional Committees. In 1950, a Committee on Reorganization of Government-owned and controlled Corporations recommended a series of modifications in the methods of government participation, financing and operation. It further recommended that activities in competition with private enterprise, particularly trading in commodities and farming, should not be brought within the purview of government control.

The Constitution of the Republic of the Philippines defines the scope of the public sector. Article XIII Section 8 provides that:

> "the State may, in the interest of national welfare and defence, establish and operate industries and means of transportation and communication, and, upon payment of just compensation, transfer to public ownership utilities and other private enterprises to be operated by the government".

It will be noted that state ownership and operation must be "in the interest of the national welfare and defence". It is government policy not generally to engage directly in business enterprise which can be left to private individuals; however, if no private capital is available to undertake the establishment of an industry which is considred urgently necessary either for defence, for the national economy, or for public welfare, it is felt that the Government, alone or in co-operation with private capital, should establish and operate that industry.

The Government's development plan appears to provide for continued government activity, particularly in respect of rice and corn, cement, sugar and paper. New projects have been added, such as textiles, steel factories, sawmills, and development of coal and iron ore resources. Transport and communication facilities, railways, road transport, shipping and civil aviation are also to be developed, in addition to hydro-electric and power development projects, such as the Caliraya, Lumot Diversion, Talomo, Ambuklao and Binga and Maria Cristina projects.

In *Thailand*, even before the First World War, a number of enterprises were owned and operated by the state. The most important of these were the railways, a power station in Bangkok, distillery, sugar, mining, transport establishment, waterworks, paper and pharmaceuticals. Most were small and medium-scale establishments. During the Second World War, difficulties in obtaining supplies from abroad compelled government to establish several factories, for example, tanneries, coir goods, spinning and weaving, fisheries, and forest products. This tendency gained impetus after the war, and the Government took over the privately-owned electric works in Bangkok, and established or reorganized factories for gunny bags, etc. The Government also undertook trading activities, setting up a Government Purchasing Bureau which is at present one of the major importers and sellers of a wide range of consumer and other goods. An important activity of the Government has been to control the export trade of rice, in which it has a virtual monopoly. It has also organized motor transport services and a civil aviation service. Government has participated in, and promoted the formation of, semi-private organizations for rice, rubber, shipping and navigation, etc., and is planning further investments in private enterprise. A tendency to allow private enterprise a larger share even in state-owned enterprises is recently in evidence. For instance, it is proposed to sell government shares in the paper factory to the public. The Government has decided to establish an industrial development bank to encourage both public and private enterprise engaged

in the processing of indigenous natural resources. Recently, in connection with projects for which International Bank loans have been obtained, the Government has reorganized the railway and harbour organizations so as to make them autonomous. The question of integrated planning for industrial development is before the National Economic Council, and until an integrated plan is developed, no final decision is likely to be taken on the scope of the public sector.

TYPES OF ORGANIZATION IN THE PUBLIC SECTOR

The legal form of a state enterprise is highly important. It may be (a) an organization run departmentally under a ministry; (b) an organization run by a board or committee of various ministries; (c) a public company with variations such as occur in the different types of joint stock company; (d) a mixed company; (e) a statutory corporation established under a special law or character, or (f) a state-owned industry run under a public trust.

Departmental Management.

Departmental management of state-owned enterprise has not usually been accompanied by any significant changes in the organization, staffing and operative methods of government departments. The ordinary rules of public administration, finance, recruitment, status, rights and duties of civil servants, accounting and auditing procedures are used. In Burma, the post and telegraph, telephones, railways, civil supplies, and a few state-owned industries are run by departments. In Ceylon, not only are the post and telegraph, railways, electric supply and distribution run by departments, but practically the whole range of industries, including glass, plywood, ceramics, leather coir, acetic acid, steel rolling, paper, carpentry and textiles are operated by the Ministry of Industries, Industrial Research and Fisheries. In Thailand most of the state-owned commercial enterprises, including the Bangkok Electric Works, Samsen Power Station, Thai Airways Company, the Transport Company, Ltd., Government Tannery Organization, the Government Purchasing Bureau, Government Distillery, Thai Sugar Organization, Bangkok Hats, Mining Organization, Thai Royal State Railways, the Express Transport Bureau, Bangkok Wharf Organization, Bangkok Water Works, Borisat Pramong Thai (Fishery), Forestry Organization, Thai Gunny Bag Factory, Thai Paper Factory and the Pharmaceutical Factory, are run by the departments most directly concerned, although, as mentioned above, acts have recently been passed by Parliament for creating autonomous agencies for the harbour and railways. In the case of tobacco, where the main purpose of state ownership is to obtain revenues, the Tobacco Monopoly and the Tobacco Factory are in the hands of the Excise Department of the Ministry of Finance. In India, although there has recently been a trend towards creation of separate and autonomous agencies, departmental management is still widely employed, as for example for post and telegraph, ammunition, salt and benzene.

Departmental Management under Committees or Boards

With a view to imparting flexibility and allowing for quick decisions, committees or boards, consisting of representatives of the various ministries concerned, are in some cases set up for departmentally run enterprises. Thus, in Burma there are the State Agricultural Marketing Board, the Timber Project Board, the Inland Waterways Transport Board, the Spinning and Weaving Factory Board, the Sugar Control Board, and the Oil Industry Board, composed of representatives of the various ministries. In India, inter-ministerial committees were set up for the establishment and construction of the Sindri Fertilizer Factory, the Government Housing Factory, etc. The need for such inter-ministerial committees arose because, at the stage of both planning and execution, the assistance, concurrence and sanction of several ministries were frequently required. Land had to be procured, water supply and electric power to be assured, railways or transport facilities to be installed, stocks to be purchased, and allocations of building and other materials were needed. The presence of representatives of the Finance Ministry on these committees or boards facilitates quick decisions in regard to expenditure.

In some cases, a large commercial undertaking covering a whole country requires the establishment of a separate ministry or department, such as the post and telegraph departments, the railways departments and the electric power departments in many countries. In Malaya the management of railways has recently been entrusted to the Malayan Railway Administration, which has considerable autonomy in comparison to an administrative department. Recent legislation in Thailand for establishing an independent Railway Authority and Bangkok Harbour Authority reveal a similar development. The operation of the Indian railways is probably unique in the region. The Indian Railways Department has its own financial, administrative and appointment procedures and its own accounting and auditing departments. Furthermore, the railways have been divided according to the various regions served by a line and have a considerable degree of decentralisation as regards operation.

Public Companies

With the development of legislation on joint-stock company and other forms of company management,

governments have increasingly turned to the formation of autonomous companies for government-owned enterprises, the government assuming the functions of shareholder. Government exercises the rights of a shareholder as well as management through the appropriate ministry, the cabinet or the head of the state. This form of management has been widely used in the Philippines. Thus the Cebu Portland Cement Company, which was established by a private promoter, was taken over by the Government. The Insular Sugar Refinery Corporation, which also was incorporated as a private refinery, was purchased by the Government through the National Development Company. The National Oil Company was similarly organized by the Government in 1908. The Manila Railroad Company was created under the Acts of the Philippine Commission which acquired the British-owned railway in 1916. Similarly, the National Abacca and Fibre Corporation, National Airport Corporation, National Coconut Corporation, National Co-operatives and Small Business Corporation, National Power Corporation, National Rice and Corn Corporation and, finally, the National Development Company were organized either under the Commonwealth Act of the Philippine Government or under the Executive Order of the President. It is to be noted that, in countries like the Philippines, the term "corporation" is used to imply, not a statutory corporation, but a joint stock company of limited liability. In India, the general principle of this form of organization is that, where the nature of the work is substantially commercial in character, a joint-stock company is more suitable than departmental management. Proposals are under active consideration by the Government for converting many departmentally-managed industrial enterprises into public companies. The Sindri fertilizer factory has now been converted into a limited company under state ownership.

In Thailand, a similar practice has been followed for semi-state enterprises such as the Thai Rice Company, the Thai Rubber Company, the Thai Maritime Company and the Thai Navigation Company. Before 1948, in China, similar semi-state-owned companies were established in respect of aviation, shipping, etc.

In most countries of Asia and the Far East, the appointment of boards of directors for such companies has been the function of government exercised by the appropriate minister. Thus, for the companies in which the Government of India holds shares, wholly or partly, the boards of directors are nominated by the Government; where private enterprise also holds shares in a state enterprise, it has been given adequate representation. While generally the Government nominates officials to be members of such boards, in a few cases, e.g. Indian Telephone Industries, two or three non-officials of outstanding business ability have been appointed. In Thailand and the Philippines, the members of boards of directors are all government representatives nominated by the Government.

Mixed Companies or Corporations

Within the company type of enterprise there are a number of variations arising out of the desire of government to participate only partially in investment or to leave the management wholly or partly to private enterprise. Instances of the mixed type of company are to be noted in several countries of the region. Thus the Government of India holds participating shares in the Eastern Shipping Corporation and in Air India (International). Some Provincial Governments have also made efforts to participate in private enterprise by this method. In Ceylon, in the development of civil aviation, this method was also favoured. In Thailand, there are a number of mixed companies. The Philippine Government participated with a private civil aviation company in this manner.

In Pakistan and India, government has sometimes participated in private enterprise by granting long-term credits to enable a company to expand its activities. Thus the Industrial Finance Corporations in India and Pakistan have provided substantial sums by way of loans to various industries, such as jute and cotton in Pakistan and iron and steel in India. In some cases, for example in Ceylon and India in respect of civil aviation, government does not undertake any managerial or operating functions, leaving these to private management. Negotiations for similar arrangements have been initiated by India in respect of the shipping industry.

Statutory Corporations

In a statutory or public corporation, the economic activity of government is centred in a single business functioning under statute. In India, the need for this kind of organization is recognized, for example in the creation of the Damodar Valley Authority. The same principle has been ackowledged in Ceylon, when in November 1949 the Gal Oya Development Board Act was passed.

In the Philippines, the National Development Company may be regarded as a public corporation, organized to serve as an agency of the Government in the furtherance of its economic policies. Broad powers were granted to the Company over a wide field of operation. A large capital was authorised. It was given powers to raise funds by contracting loans and issuing bonds and was permitted to deal in the shares, capital stock, bonds or securities of other corporations and participate with private or foreign enterprises. The

Company was permitted to engage in commercial, industrial, mining, agricultural and other enterprises. It was allowed to hold public agricultural lands and mineral lands in excess of the areas permitted to private corporations, associations or persons.

In Malaya, examples of statutory corporations are the Singapore Harbour Board, Penang Harbour Board, Singapore Central Electricity Board, and the Rural Industrial Development Authority. The constitutions of these bodies reveal uniformity as regards legal corporate status but, in other respects, particularly membership of the boards of directors, their area of authority and the ultimate control of Government exercised through the Governor or High Commissioner, they differ from one another. Except in the case of the Central Electricity Board and the Singapore Improvement Trust, the general manager or the chief executive is also chairman of the board. The Singapore Harbour Board and the Penang Harbour Board have a common chairman. The chairman, in practically all cases, is a public official appointed by Government. However, in the composition of the board, non-officials are associated with members drawn from the public service.

Public Trusts

A noteworthy feature of government management of enterprises, particularly of service and development type, is the adoption of the principle of trusteeship. This type of government management is illustrated in the constitutions of port trusts and commissions, investment trusts, urban or municipal improvement trusts and development trusts, particularly in countries like India, Pakistan, Burma, Ceylon and Malaya. The trust authority is generally an autonomous body, holding and operating assets of the state in trust.

Government Management without Ownership

The form of organization in which government, although not participating financially, has control of management, is rare. The possibility of government undertaking the management and operation of a private enterprise has been envisaged in India in the Industries (Development and Control) Bill which is at present before the Parliament. During the Second World War, powers of requisition of factories and enterprises or properties were also exercised with a view to maximizing the war effort. In cases of liquidation or dispute over the inheritance of a private enterprise, government often takes up the operation through trustees. Another illustration is that of the central banks, e.g. in India, where, although the share capital is held by private investors, the Government has the right to appoint the governor or the chief executive head, and the boards of directors elected by the shareholders have limited powers, the final control resting with government.

SOME PROBLEMS OF PUBLIC OWNERSHIP AND MANAGEMENT

Whatever may be the form of organization, the essential problem is to equip government for the efficient discharge of its duties and to impart to government enterprise the flexibility and effectiveness of the best types of private enterprise. While responsibility for policy-making rests with government, it is desirable that the co-operation of the public, particularly of the workers in the industries concerned, be secured in this field. In this region, however, only India and Pakistan have developed joint bodies to provide for consultation between government, the industry concerned and the workers. At the level of industry, advisory bodies may be established to assist the management on various problems concerning e.g. production, consumer interests and labour welfare.

If an enterprise covers a wide area, decentralization is possible, but there is a reverse trend in countries of the region on account of the fact that government-owned enterprises are sometimes of small size. A parliament or legislature is in a sense the shareholder; but it also represents the consumers and the general taxpayers. As such, it has a right to discuss, debate and decide on policy and other matters pertaining to a public enterprise. It is, however, important to ensure that the administration of the enterprise is not too much interfered with by the parliament, and that the government is not called upon to answer detailed questions of management.

The autonomy and efficiency of the enterprise, on the one hand, and the safeguarding of public interests on the other, depend, in the last analysis, upon detailed aspects of organization and the precise delegation of responsibility at various levels. Before an industry is nationalized, or before government decides to set up an enterprise under public ownership, a sort of administrative blueprint might usefully be prepared showing the organization and layout, the allocation of duties and responsibilities at various levels, and other such aspects of organization.

In regard to the staffing of public enterprises, if this is done from the civil service, it will be necessary to instil the best traditions of efficient private management. Administrative and other procedures will in most cases need to be revised to enable the civil service to discharge its duties efficiently. The countries of the region face practical difficulties in the selection of able personnel for the boards of management and, for this reason, many governments have had to appoint govern-

ment officials to such boards. However, it would seem desirable that such officials should not represent their ministries.

In respect of managerial staff, the present method of public service recruitment is not always effective. Governments do not have a pool of managerial talent from which to draw such personnel for public enterprises. Very often, because the management of a public enterprise is not sufficiently independent, some of the best business talent is not attracted to it. The possibility of establishing a specialized civil service for commercial and industrial management is therefore worthy of consideration.

Problems of incentives to workers and management call for thorough study and analysis. The possibility of establishing profit-sharing schemes in government-owned enterprise might well be examined. However, perhaps what is most needed is the development of new traditions emphasising service to the country.

In regard to the financing of public enterprises, since capital is available only through yearly budget allocations, public enterprises tend to have less freedom in this respect than private enterprise. On the other hand, public enterprise has certain advantages over private enterprise, for example as regards availability of land, buildings, transport and power supply. From the point of view of public accounting, it is desirable that any form of special assistance, such as subsidies and protection, given to a public enterprise should be accounted for separately so that the community may know what sacrifices it is being called upon to make and for what purpose. Finally, the results of operating a public enterprise might well be tested at regular intervals in the light of objective criteria, and by methods such as sample studies of productivity and efficiency.

ASIAN ECONOMIC STATISTICS

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Symbols Employed

The following symbols have been used throughout this appendix:

... = not available; — = nil or negligible.

I, II, III and IV for quarters of years.

Figures in italics are provisional.

Unless otherwise stated, the standard unit of weight used throughout is the metric ton.

The following symbols are used to represent the abbreviations of national currencies in Asia and the Far East.

Rs.	=	rupees (Burma, Ceylon, India and Pakistan).
HK$	=	Hong Kong dollar.
Fl.	=	guilder (Indonesia).
Y.	=	yen (Japan).
W.	=	won (Republic of Korea).
M$	=	Malayan dollar (Malaya and British Borneo, embracing North Borneo, Brunei, Sarawak, Federation of Malaya and Singapore).
P.	=	peso (the Philippines).
Pr.	=	piastre (Indochina).

The term Malaya includes the Federation of Malaya and Singapore.

Sources

To ensure comparability, data compiled by the United Nations Statistical Office have been taken as basic material wherever possible; material supplied by governments, publications of governments, the United Nations Organization and its specialized agencies and International Commodity Study Groups have been used as additional sources.

I. PRODUCTION OF SELECTED COMMODITIES *(Monthly averages in thousand tons)*

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
COAL													
India a	2,400	2,540	2,551	2,684	2,735	2,612	2,709	2,964	2,879	2,798	2,571	2,867	2,956
Indonesia	121	19	45	55	67	69	66	75	72	67	66	70	66
Korea, south	19	39	67	89	47	2	—	—	2	3	3	3	3
Malaya	40	19	32	33	35	36	34	32	33	34	34	36	32
Pakistan b	—	13p	20	28	37	28	37	46	43	33	32	34	34
Viet-Nam	195*	21	30	31	42	35	59	48	49	46	47	44	46
Japan	3,484	2,270	2,822	3,172	3,205	3.165	3,464	3,247	3,582	3,606	3,657	3,454	3,706
ELECTRICITY (mil. kwh)													
Burma	—	1	2	2	3	3	3	3	3	..	..	..	..
Cambodia	1	1	1	1	1	1	1	1	1	1	1	1	1
Ceylon	3	5	5	6	7	7	7	15	16	..	.	..	..
Hong Kong	..	9	13	18	24	26	27	28	29	..	..	..	..
India a	211‡	345	381	410	425	426	450	462	492	503	508	507	494
Korea, south	..	23	41	55	34	11	20	14	19	29	27	28	33
Pakistan	—	10p	11	14	14	15	15	17	17	..	20	17	..
Philippines c	12	..	30	35	38	39	40	39	40	42	42	43	42
Thailand	3r	3q	4	4	4	4	5	4	5	..	..	..	..
Viet-Nam	8	5	8	12	14	14	15	15	16	18	18	18	18
Japan	2,062*	2,522	2,659	3,020	3,260	3,073	3,554	3,462	3,647	3,281	3,638	3,235	2,970
PETROLEUM, CRUDE													
Brunei	59	144	224	280	343	369	381	402	415	..	..	..	.
Indonesia	616	93	360	494	534	582	526	600	589	516	637	636	276
Pakistan	—	3s	5	10	14	15	12	13	12	14	14	14	13
Sarawak	17	2	4	5	5	5	5	4	4	..	.	..	..
Japan	29*	15	14	17	25	26	27	27	32	29	33	28	26
IRON ORE													
Hong Kong	..	—	—	5	14	15	13	13	12	12	13	12	12
India a	232	212	193	238	250	..	..	..	..	..	.	..	..
Malaya	137	—	—	1	42	54	52	38	100	81	96	71	77
Philippines	77	—	2	31	50	63	57	47	86	92	91	92	92
Japan	52*	41	46	63	69	79	69	56	73	89	87	93	87
PIG IRON & FERRO-ALLOYS													
India d	131	122	124	136	142	139	155	145	156	158	158	164	150
Japan	173*	31	70	134	192	197	217	221	268	287	283	293	284
STEEL INGOTS & CASTINGS													
India	82	106	106	115	122	124	130	124	126	128	122	136	126
Japan	435*	78	143	259	403	404	474	493	551	563	593	575	521
FINISHED STEEL													
India	59	76	72	79	85	88	90	90	88	91	90	96	88
Japan	379*	54	105	185	289	273	362	415	476	442	471	442	412
TIN IN CONCENTRATES (tons)													
Burma	419	152	97	151	*142*	*142*	*142*	*142*	*142*	*142*	*142*	*142*	*142*
China	906*	364	406	*356*	*305*	*305*	*305*	*305*	*305*	*305*	*305*	*305*	*305*
Indochina	135	—	3	*5*	*15*	*15*	*15*	*15*	*15*	*15*	*15*	*15*	*15*
Indonesia	2,517	1,349	2,592	2,452	2,718	2,757	2,762	2,526	2,655	2,534	2,332	2,545	2,726
Malaya	3,673	2,288	3,795	4,649	4,872	4 883	4,800	4,672	4,816	4,903	4,986	5,002	4,720
Thailand	1,255	119	359	662	878	967	967	821	760	818	717	863	875
Japan	..	9	10	16	28	29	34	29	39	36	43	39	26
TIN METAL (tons)													
Malaya	5,397	2,482	4,209	5,312	5,821	6,252	5,633	5,482	5,628	5,523	4,535	6,539	5,496
NATURAL RUBBER e													
British Borneo f	2.4	4.4	5.2	5.1	7.0	7.6	7.0	5.3	6.7	5.6	6.0	5.2	5.7
Burma f	0.8	0.8	1.0	0.5	0.8	0.3	0.2	1.5	1.3	0.4	0.2	0.4	0.6
Cambodia	2.4	1.1	1.4	1.3	1.2	1.8	1.4	0.6	1.2	1.4	1.3	1.4	1.5
Ceylon	4.3	7.5	8.0	7.6	9.6	10.5	11.7	8.8	7.6	8.5	7.6	9.1	8.6
India	1.3	1.4	1.3	1.3	1.3	1.1	2.0	0.8	1.4	1.6	1.3	1.7	1.8
Indonesia	27.0	23.5	36.6	36.5	58.2	66.0	67.3	72.9	75.1	59.1	69.6	59.2	48.6
Malaya	30.4	54.7	59.1	56.9	58.8	61.9	64.8	55.6	48.7	50.0	49.3	52.8	47.9
Thailand f	3.5	4.4	8.1	8.0	9.5	11.0	9.0	10.1	8.6	10.4	12.4	8.8	10.0
Viet-Nam	3.6	2.2	2.3	2.6	2.7	2.5	4.3	2.0	2.8	3.1	3.1	3.2	2.9
CEMENT													
Hong Kong	..	2.9	4.4	4.9	5.7	4.2	6.2	6.5	5.4	5.2	1.2	7.2	7.2
India a	119	147	131	178	221	220	237	247	265	269	260	274	274
Korea, south	..	1.5	1.9	2.0	0 8	—	—	—	—	—	—	—	—
Philippines g	13.9	11.2	10.0	17.1	24.9	24.6	22.3	19.1	27.4	28.9	31 8	29.9	24.9
Thailand	9.7r	4.9	6.9	10.6	13.8	14.6	15.5	18.9	17.5	18.6	16.6	18.6	20.6
Viet-Nam	22.2	3.4	8.1	12.8	12.0	10.2	16.5	20.0	17.6	19.7	20.4	18.5	20.3
Japan	465.0*	103.0	154.9	273.1	371.9	372.1	501.6	456.6	559.2	563.0	552.1	563.5	573.4
COTTON YARN													
Hong Kong	..	..	..	0.9	2.0	2.2	2.3	2.1	2.0	2.6	2.4	2.3	3.0
India a	48.7	49.8	55.0	50.3	43.8	40.1	42.5	46.1	48.8	50.3	50.3	51.3	49.4
Korea, south	..	0.5	0.5	1.1	0.8	..	..	0.4	0.5	0.4	0.5	0.4	0.4
Japan h	54.5*	10.2	10.4	13.1	19.9	20.6	24.8	24.5	28.4	29.8	31.1	29.0	29.3
COTTON FABRICS (million metres													
Ceylon (million sq. metres)	0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.5
India a	328	285	337	290	275	251	269	291	318	322	323	329	314
Korea, south	..	2.5	2.1	4.9	4.1	..	..	2.2	2.5	1.9	2.0	1.8	1.9
Philippines	..	0.5	0.6	0.3	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.8	0.8
Japan h (million sq. metres)	243.6*	46.1	64.4	68.6	107.4	107.6	123.0	128.7	159.4	162.1	169.6	156.5	160.1
JUTE MANUFACTURES													
India 1	107.2	89.0	92.0	78.1	70.8	74.4	72.2	68.1	75.7	72.3	72.7	76.9	67.4

I. PRODUCTION OF SELECTED COMMODITIES—*(Contd.)*

(Monthly averages in thousand tons)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sept.
COCONUT OIL													
Malaya	..	8.15	7.88	7.70	7.66	7.42	9.06	6.74	7.81	10.68	11.19	11.02	9.82
PALM OIL													
Malaya	4.32	3.31	3.83	4.28	4.50	4.41	4.78	3.86	3.82	3.99	3.30	3.98	4.69
SOAP													
India	..	6.77	10.16	6.01	6.16	6.85	6.44	6.58	6.5	6.6	7.4	5.9	6.6
Korea, south	..	0.24	0.32	0.42	0.22	..	..	0.19	..	..	..	..	..
Malaya	..	2.47	1.92	1.67	1.42	1.60	1.49	1.76	1.42	1.54	1.48	1.64	1.52
Japan	15.97*	0.66	1.26	2.16	8.03	9.60	10.21	14.00	14.42	11.52	13.21	11.27	10.08
PAPER													
India (including paper products)	49.28	7.88	8.29	8.74	9.22	9.50	9.48	10.50	11.08	11.29	11.05	11.30	11.50
Japan	88.12*	23.62	35.33	52.15	72.58	74.61	82.59	89.26	102.01	98.56	100.66	101.01	94.02
OTHER CHEMICALS													
India													
Sulphuric acid a	2.05r	5.08	6.77	8.42	*8.55*	*9.03*	*8.92*	*7.13*	*8.3*	*8.9*	*8.6*	*9.2*	*9.0*
Ammonium sulphate	..	1.8	2 9	3.9	4.0	4.3	3.6	3.4	2.8	4.4	3.8	5.1	4.8
Superphosphates	..	4.23	1.81	3.96	4.44	4.68	6.37	3.94	4.2	5.0	5.9	4.4	4.5
Soda ash	..	1.15	2.47	1.52	3.71	3.96	3.13	4.17	4.1	4.0	3.7	4.1	4.2
Caustic soda	..	0.28	0.37	0.53	0.92	0.98	0.92	*1.04*	1.0	1.4	1.2	1.5	1.4
Liquid chlorine	..	0.14	0 15	0.22	0.34	0.38	0.37	0.40	0.39	0.51	0.48	0.60	0.46
Bleaching powder	..	0.22	0.24	0.21	0.28	0.30	0.23	0.40	0.32	0.33	0.39	0.40	0.20
Power alcohol (mil. litres)	..	0.86	1.43	1.67	1.70	1.40	1.70	2.47	2.2	1.8	2.3	1.5	1.5
Industrial alcohol (mil. litres)	..	1.82	1.11	1.13	1.86	1.74	2.14	*2.91*	3.2	2.1	2.2	1.9	2.3
Japan													
Sulphuric acid J	240.9*	122.9	162.2	215.1	270.8	270.8	294.3	300.5	326.1	320.7	332.0	320.7	309.3
Ammonium Sulphate k	72.9*	62.0	79.3	102.6	130.8	128.0	136.9	133.2	148.1	136.9	151.6	125.8	133.3
Calcium cyanamide k	17.9*	17.6	19.0	28.3	38.3	36.9	40.9	38.2	41.5	34.2	31.7	36.0	34.8
Calcium superphosphate l	119.8*	59.1	79.6	96.8	117.3	100.2	126.1	128.7	119.8	110 8	102.8	114.4	115 3
Soda ash (finished)	19.4r*	3.2	6.3	10.2	13.8	13 2	18.4	17.3	21.1	18.2	18.7	18.8	17.2
Caustic soda	24.9r*	3.3	8.8	12.1	16.2	17.3	21.1	22.9	28.9	28.4	29.1	28.3	27.7
Liquid chlorine	0.8r*	0.3	0.5	0.9	1.4	1.5	1.8	1.8	2.2	2.0	2.1	1.9	2.1
Bleaching powder	5.7*	1.2	2.1	3.6	4.1	3.8	5.2	5.7	5.1	5.0	5.0	5.1	4.8
Dyestuffs	1.59*	0.20	0.42	0.54	0.75	0.66	1.19	1.30	1.36	*0.88*	1.07	0.86	*0.72*
Methyl alcohol	0.36*	0.37	0.63	0.92	1.97	1.84	2.74	3.19	2.62	1.79	2.31	1.45	1.61
Ethyl alcohol (mil. litres)	0.51*	1.85	2.46	2.15	1.96	1.85	1.22	2.37	2.32	2.60	3.32	3.06	1.43
MACHINERY PRODUCTS													
India													
Bicycles (Thousands)	..	4.07m	5 40m	7.33m	8.67	7.76	10.77	6.76	6.2	8.0	3.7	10.1	10 3
Diesel engines (Units)	..	57	85	173	383	389	494	607	479	626	550	580	748
Electric motors (1000 h.p.)	..	3.17	5.00	5.67	6.82	7.36	8.80	10.4	11.9	13.1	13.1	13.7	12 6
Machine tools (1000 Rs.)	..	382	456	394	222	134	368	426	280	380	250	450	440
Sewing machines (Thousands)	..	0.49	1.67	2.09	2.57	2.79	2.51	3.04	3.94	3.95	3.95	4.11	3.78
Electric transformers (1000kva)	..	2.67	6.83	9 06	14.33	15.29	14.00	15.51	17.7	15.9	20.1	14.0	13.6
Electric lamps (Thousands)	..	635	771	1,137	1,192	1,182	1,131	1,150	1,070	1,390	840	1,660	1,670
Electric fans (Thousands)	..	13.33	15.00	*14.92*	*16.13*	15.83	*13.03*	*18.1*	*20.6*	*17.8*	*18.0*	*18.3*	*17.1*
Insulators, l. t. (Thousands)	..	119	209	187	107	73	63	128	71	61	60	51	73
Insulators h. t. (Thousands)	..	6.18	7.49	11.40	14.49	15.76	17.12	12.15	15.8	30.2	26.3	35.3	29.0
Motor car batteries (..)	..	5.84	9.17	8.92	*15.59*	17.22	*13.50*	17.77	19.0	*19.1*	20.8	20.9	*15.7*
Japan													
Railway locomotives (Units)	28*	14	4	10	10	15	11	—	6	5	14	1	1
Railway freight cars (Units)	406*	72	367	258	186	250	345	128	243	808	906	715	804
Industrial locomotives (Units)	37†	40	42	36	35	44	46	35	38	38	39	38	36
Industrial freight cars (Units)	592*	698	1,612	804	752	914	798	522	907	1,028	915	1,059	1,111
Motor vehicles (Units)	2,987†	1,850	3,917	5,538	6,265	6,484	7,917	8,506	8,831	8,889	8,797	9,296	8,574
Bicycles (thousand units)	87.9*	14.9	28.1	46.0	81.8	82.0	90.6	92.0	80.8	73.2	59.0	88 4	72.2
Vessels (gross thousand tons)	..	9.66	15.46	14 64	19.67	8.06	52.57	51.45	12.80	27.96	19 17	9 90	52.10
Diesel & other internal combustion engines (Units)	..	2,894	6,332	8,859	8,297	7,814	9,439	10,468	11,753	12,626	13,406	12,553	11,918
Cotton ring spinning frames (units)	..	..	..	153	182	181	296	437	576	646	634	630	675
Looms (Units)	..	990	3,070	3,390	2,044	2,684	2,450	3,077	4,141	4,770	4,667	4,740	4,902
Sewing machines (thousand units)	3.1*	6 6	15.0	25 1	43.1	46 9	64.4	68.8	94.4	93.4	83.8	89.9	106.4
Power transmission equipment	..	0.3	0.6	1.2	1.1	1.1	1.3	1.5	2.1	2.1	2.0	2.2	2.1
Mining & excavating machinery	..	1.1	2 2	2.6	1.6	1.7	1.8	1.5	2.5	2.8	2.8	2.5	3.0
Iron & steel works & coke oven plant equipment	..	1 9	3 1	5 2	5.9	4.1	8.3	10.2	13.0	11.2	12.3	11.2	10.2
Chemical industry machinery & equipment	..	2.7	2.2	3 5	4.5	4.6	4.9	4.8	..	..	..	..	..
Pulp & paper industry machinery	..	0.1	0.3	0.4	0.4	0.5	0.7	0.8	8.2	9.2	8.1	9.2	10.3
Food products machinery	..	0.6	0 5	1.0	0.8	0.7	0.7	0.9	2.0	1.6	1.6	1.5	1.6

a. Including Pakistan territory up to July 1947. b. Including lignite.
c. Manila. d. Series includes direct castings, except for 1938.
e. Including latex. f. Net exports.
g. Production of Cebu Portland Cement Company only.
h. Including mixed yarn of fabrics predominantly of cotton.
i. Beginning 1949, data refer to the output of member mills of Indian Jute Mills Association.
j. Converted to 50° Be. k. Converted to 20 per cent N2 content.
l. Converted to 16 per cent phosphorous pentoxide content.
m. Data include, in addition to complete bicycles, spare parts and accessories expressed in terms of complete cycles.
p. August-December. q. Beginning 1947, Bangkok only.
r. Annual figures, twelve months beginning 1 April of the year stated. s. September-December. * 1936. ‡ 1939 † 1937.

II. VOLUME OF TRAFFIC: RAILWAY, SEA-BORNE SHIPPING AND CIVIL AVIATION

(Monthly average)

	1938	1947	1948	1949	1950	1950 III	1950 IV	1951 I	1951 II	1951 III	1951 Jul.	1951 Aug.	1951 Sept.
RAILWAY TRAFFIC													
Passenger-kilometres (millions)													
Burma	62q	34	40	10	14	23	24	27	32	27	29	26	25
India a, p	2,385b	4,179r	4,925	5,068	5,327	5,058	5,100	5,382	5,610	..	4,957	..	4,472
Indochina	74	6	8	7	6	7	7	7	10	10	11	10	10
Korea, south	..	234	236	680	..	..	..	..	..	..	..	..	..
Pakistan	..	389	511	682	734	721	728	903	793	..	..	..	..
Philippines c	40	19	24	31	30	26	30	31	40	25	28	23	24
Thailand	33p	87	109	113	120	106	121	161	164	133	129	139	141
Japan d, p	2,185*	7,343	6,595	5,585	5,750	5,452	5,912	5,727	6,091	6,664	6,273	6,916	6,804
Freight ton-kilometres (millions)													
Burma	91q	43	52	13	7	13	15	17	19	*16*	*18*	*14*	*17*
India a, p	2,968b	2,656r	3,040	3,275	3,560	3,370	3,745	3,812	3,416	..	3,422	..	4,104
Indochina	28	4	7	11	11	11	11	14	18	18	19	20	15
Korea, south	..	83	87	107	..	..	..	..	..	..	..	..	..
Malaya	22‡	23	26	27	33	34	33	33	34	34	32	35	34
Pakistan	..	128	263	303	336	334	349	412	378	..	..	..	..
Philippines c	14	7	10	14	13	13	12	13	11	10	11	11	9
Thailand	38p	19	25	34	40	37	42	46	46	43	43	46	41
Japan d, p	1,305*	1,751	2,109	2,375	2,550	2,365	2,846	2,668	2,993	3,053	2,959	3,017	3,183
Freight tons (thousands)													
Ceylon q	77	94	104	107	112	117	117	128	139	126	138	126	114
Hong Kong	40	11	8	4	29	38	35	28	29	17	18	17	16
Indonesia	810	85f	292	449	449	474	486	485	481	499	458	529	509
INTERNATIONAL SEA-BORNE SHIPPING													
Freight Loaded and Unloaded in External Trade (Thousand Metric tons)													
Ceylon e	Loaded	54	50	63	58	61	66	71	82	51	64	64	68	60
	Unloaded	109	134	141	159	161	176	151	166	193	183	222	172	154
Hong Kong	Loaded	..	72	89	130	189	202	214	188	149	110	109	114	106
	Unloaded	..	191	197	277	325	284	325	269	292	242	237	213	277
Indonesia f	Loaded	916	101	432	637	704	796	673	570	960	747	826	854	561
	Unloaded	167	76	160	253	212	219	294	81	284	297	211	342	338
Malaya g	Loaded	..	..	121	150	197	214	226	212	235	211	231	206	197
	Unloaded	..	..	163	265	329	342	379	396	406	417	446	384	421
Philippines h	Loaded	..	..	.	45	26	23	27	25	25	..	26	20	.
	Unloaded	192†	..		180	156	140	178	199	241	..	260	249	..
Viet-Nam i	Loaded	142	28	46	42	46	47	44	68	66	68	63	70	73
	Unloaded	43	46	54	70	74	78	83	80	87	95	97	80	108
Japan	Loaded	1,083†	147	165	202	299	301	378	342	371	498	409	522	562
	Unloaded	3,088†	371	563	951	971	865	1,022	1,209	1,997	1,911	2,033	1,961	1,738
Entrances and Clearances of Vessels with Cargo in External Trade (Thousand net registered tons)													
Burma j	Entered	311p	98q	118q	99q	86q	86	125	97	93	104	131	87	95
	Cleared	361p	101q	157q	129q	106q	107	163	123	120	146	160	146	132
India	Entered	760b	570bs	646u	741	641	631	703	761	700	749	727	695	825
	Cleared	793b	524bs	570u	559	578	531	673	700	623	581	486	669	588
Pakistan p	Entered	.	128t	241	313	299	297	207	371	356	278	279	327	228
	Cleared	..	83t	176	214	264	298	275	240	271	239	247	258	211
Thailand	Entered	72p	43	67	90	112	118	108	107	110	117	125	108	117
	Cleared	100	50	92	122	138	132	139	142	115	139	129	147	140
CIVIL AVIATION TRAFFIC k													
Passenger-kilometres (millions)													
Ceylon		—	—	0.36	0.96	0.82	0.81	0.80	0.77	1.96	3.56	3.90	3.16	3.61
India		0.11	18.61	23.65	25.56	31.30	29.48	33.01	*33.62 l*	*37.66 l*	*33.59 l*	*33.80 l*	*32.51 l*	*34.48 l*
Indonesia		..	..	8.49	10.44	12.35	12.16	12.56	13.26	13.43	13.56	14.00	14.02	12.68
Philippines		0.21	13.08	14.57	13.65	15.62	16.16	15.00	14.99	19.26	..	16.23	..	..
Thailand		24.5p	0.42	0.93	1.57	1.62	1.57	1.81	2.05	1.93	1.84	1.79	1.85	1.88
Freight ton-kilometres (Thousands)													
Ceylon		—	0.1	1.6	7.3	9.8	9.4	9.1	8.7	37.5	25.0	29.0	23.7	22.4
India		34	273	475	853	1,868	1,804	2,056	*1,951 m*	*1,955 m*	*2,695 m*	*2,919 m*	*2,837 m*	*2,330 m*
Indonesia		..	..	389	516	534	534	580	601	607	588	566	619	578
Philippines		..	472	540	493	637	692	841	770	752	..	572	..	..
Thailand		38p	5	17	29	43	54	50	52	53	66	60	68	69

a. Class I railways, broad and metre gauge only.
b. Including Pakistan territory.
c. Manila Railroad Company. Annual figures relate to 12 months ending 30 June of year stated.
d. State Railway only. e. Port of Colombo.
f. Beginning 1947, Federal Area only.
g. Port of Singapore, including coastwise traffic of Malaya.
h. Port of Manila.
i. Port of Saigon.
j. Total number of entrances and clearances made during each voyage and excluding sailing vessels.
k. Scheduled domestic and international routes, and except India, revenue traffic only.
l. Including non-revenue traffic which is about 3 per cent.
m. Including non-revenue traffic which is 1 or 2 per cent.
p. Annual figures refer to 12 months beginning 1 April of year stated.
q. Annual figures refer to 12 months ending 30 September of year stated.
r. September 1947 to March 1948.
s. January to July 1947.
t. 15 August 1947-31 March 1948. u. March to December.
*. 1936. † 1937. ‡ 1939.

III. VALUE OF IMPORTS AND EXPORTS AND BALANCE OF TRADE *

(Monthly averages in millions)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
N. BORNEO (M$)													
Imports	0.5	1.7	2.1	2.8	4.0	4.1	5.6	5.0	6.3	6.2	5.1	5.1	8.4
Exports	0.8	1.4	2.5	3.1	7.8	8.4	12.0	12.1	10.5	9.2	7.6	9.9	10.0
Balance	+0.3	—0.3	+0.4	+0.3	+3.8	+4.3	+6.4	+7.1	+4.2	+3.0	+2.5	+4.8	+1.6
BURMA a (Rs.)													
Imports	18	39	50	31	44	47	67	55	43	64.1	69.0	69.5	53.7
Exports	41	40	63	61	61	71	54	84	100	104.1	78.9	111.0	122.3
Balance	+23	+1	+13	+30	+17	+24	—13	+29	+57	+40.0	+9.9	+41.5	+68.6
CEYLON (Rs.)													
Imports	20	80	83	86	97	103	97	117	141	135	131	156	119
Exports	24	74	84	89	130	139	168	178	165	146	158	136	142
Balance	+4	—6	+1	+3	+33	+36	+71	+61	+24	+11	+27	—20	+23
HONG KONG (HK $)													
Imports	52	129	173	242	317	299	411	445	421	339	362	318	337
Exports	51	105	134	206	313	352	417	517	427	272	274	277	264
Balance	—1	—24	—39	—36	—4	+53	+6	+72	+6	—67	—88	—41	—73
INDIA b (Rs.)													
Sea and air-borne													
Imports	130	372	452	467	471	482	416	539	656	679	672	695	669
Exports	142	340	360	404	502	424	559	694	675	599	582	614	600
Balance	+12	—32	—92	—63	+31	—58	+143	+155	+19	—80	90	—81	—69
Land-borne													
Imports	..	..	71	26	30	62	27	19	82	119	85	125	148
Exports	..	..	25	22	13	21	16	10	14	16	12	19	18
Balance	..	..	—46	—4	—17	—41	—11	—9	—68	—103	—73	—106	—130
INDOCHINA (Pr.)													
Imports	16	81	197	328	362	446	392	385	430	598	576	570	649
Exports	24	39	98	95	128	148	159	227	195	220	220	228	212
Balance	+8	—42	—99	—233	—234	—298	—233	—158	—235	—378	—356	—342	—437
INDONESIA (R)													
Imports	41	65	95	131	136	131	229	140	195	374	358	390	375
Exports	57	29	87	123	246	287	382	380	458	320	347	354	258
Balance	+16	—36	—8	—8	+110	+156	+153	+240	+263	—54	—11	—36	—117
KOREA, SOUTH (US$)													
Imports	..	15.9	15.8	11.6	..	..	..	..	..	..	..	..	..
Exports	..	0.7	1.6	1.2	..	..	..	..	..	..	..	..	..
Balance	..	—15.2	—14.2	—10.4	..	..	..	..	..	..	..	..	..
MALAYA c (M$)													
Imports	46	114	149	154	243	266	333	425	406	370	396	365	349
Exports	50	110	147	143	334	385	545	590	574	422	415	448	404
Balance	+4	—4	—2	—11	+91	+119	+212	+165	+168	+53	+19	+83	+55
PAKISTAN d (Rs.)													
Imports	..	20	71	113	97	112	125	139	115	131	125	146	121
Exports	..	65	77	84	110	121	124	301	139	79	97	46	93
Balance	..	+45	+6	—29	+13	+9	—1	+162	+24	—52	—28	—100	—28
PHILIPPINES e (P.)													
Imports	22.1	85.2	97.6	94.8	59.4	60.4	50.6	60.4	77.7	95.6	102.2	112.2	72.3
Exports	19.4	44.1	53.0	42.3	55.4	58.9	69.0	82.5	78.0	60.2	56.7	58.2	65.7
Balance	—2.7	—41.1	—44.6	—52.5	—4.0	—1.5	+18.4	+22.1	+0.3	—35.4	—45.5	—54.0	—6.6
THAILAND f (Baht)													
Imports	11	93	144	191	240	241	262	280	327	314	354	309	278
Exports	17	81	168	234	329	311	330	415	340	363	373	363	354
Balance	+6	—12	+24	+43	+89	+70	+68	+135	+13	+49	+19	+54	+76
JAPAN g (U.S.$)													
Imports	89.2	43.6	56.9	75.4	81.1	70.2	92.6	128.7	223.1	186.9	224.8	191.7	144.2
Exports	92.4	14.5	21.5	42.5	68.3	70.1	95.7	95.8	124.8	104.3	121.5	94.4	96.9
Balance	+3.2	—29.1	—35.4	—32.9	—12.8	—0.1	+3.1	—32.9	—98.3	—82.6	—103.3	—97.3	—47.3

* Monthly data are not published for Brunei and Sarawak. Annual figures converted into monthly averages are as follows:—

	1938	1947	1948	1949	1950
Brunei (Mn. M $)					
Imports	0.32	1.37	2.92	2.99	..
Exports	0.80	2.59	4.10	5.17	..
Balance	+0.48	+1.22	+1.18	+2.18	..
Sarawak (Mn. M $)					
Imports	1.86	6.02	8.23	9.16	24.11
Exports	2.18	8.59	14.27	15.63	31.22
Balance	+0.32	+2.57	+6.04	+6.47	+7.11

a. **BURMA**—For 1938: sea-borne trade only; twelve months starting April. For 1947, 1948 and 1949, twelve months ending September.

b. **INDIA**—Annual figures twelve months starting April. Sea and air-borne trade. Figures for April-July 1947 include Pakistan territory. Indo-Pakistan trade excluded from August 1947 to February 1948. Land borne trade: with Pakistan only.

c. **MALAYA**—Figures relate to trade in merchandise, parcel post, silver bullion, subsidiary coins and ships' stores and bunkers.

d. **PAKISTAN**—Sea-borne trade only. For 1947, eight months ending March 1948 and excluding trade with India. Export figures are revised to include exports via the port of Calcutta.

e. **PHILIPPINES**—Imports, f.o.b.

f. **THAILAND**—For 1938, twelve months starting April.

g. **JAPAN**—Trade with Korea and Formosa included. Post-war imports include merchandise procured from U.S. property funds and goods diverted to the Japanese civilian economy from the occupation force military stocks.

IV. QUANTUM INDICES OF IMPORTS AND EXPORTS

(Base 1948 = 100)

	1938	1947	1949	1950	1950		1951					
					III	IV	I	II	III	Jul.	Aug.	Sep.
BURMA a												
Imports	244c	89	63	100	156	214	159	103	173	219	188	121
Exports	245c	57	96	47	67	70	108	119	96	129	85	77
CEYLON												
Imports	89	98	108	121	129	113	140	159	134	141	149	113
Exports	80	91	99	110	119	119	111	114	110	123	105	103
INDIA b												
Imports: All Commodities	106c	100c	115d	88	105	82	93	109	114	115	115	111
Food, drink & tobacco	..	..	109d	73	77	95	115	133	171	185	158	170
Raw materials & Semi-manufactures	..	..	114d	122	159	76	95	123	108	114	116	94
Manufactures	..	..	121d	80	93	81	84	93	93	87	98	95
Exports: All Commodities	172c	114c	102d	115	107	139	160	110	92	87	95	95
Food, drink & tobacco	..	..	117d	108	114	145	136	79	131	108	132	152
Raw materials & Semi-manufactures	..	..	96d	103	85	142	176	139	68	70	75	58
Manufactures	..	..	98d	122	113	136	161	109	89	87	89	90
INDOCHINA												
Imports	85	65	136	151	188	168	151	159	217	227	205	218
Exports	259	62	76	88	85	97	120	129	131	145	137	111
MALAYA												
Imports: All Commodities	81	85	101	137	151	155	188	190	172	..	..	..
Food, drink & tobacco	109	92	109	120	129	139	150	156	165	..	..	..
Raw materials & Semi-manufactures	83	106	82	147	172	182	207	175	152	..	..	..
Manufactures	66	73	107	85	151	149	197	213	184	..	..	..
Exports: All Commodities	73	89	98	127	145	146	137	139	130	..	..	..
Food, drink & tobacco	162	102	96	122	138	151	167	207	151	.	..	..
Raw materials & Semi-manufactures	60	97	93	115	129	137	126	128	120	..	.	..
Manufactures	95	59	114	173	197	179	167	161	159	..	..	..
PHILIPPINES												
Imports	..	..	96	74	62	61	70	81	90	103	92	76
Exports	143	84	119	145	137	156	176	163	136	125	146	137
JAPAN e												
Imports	..	..	154	182	166	183	295	318	..	335	..	..
Exports	..	..	212	403	421	499	421	474	..	454	..	..

a Year ending September of the year stated

b Base April 1948-March 1949. Average of calendar year for 1948 for imports is 94 and for exports is 102. New series beginning April 1949 is linked to the old.

c Year beginning 1 April.

d Average of nine months April to December.

e Compiled by Economic Stabilization Board.

V. DIRECTION OF IMPORT TRADE

(Monthly averages in millions)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
INTO BURMA a in Rs. from													
China	—	..	1.4	2.7	1.0	2.0	0.1	0.3	0.3	3.5	..	..	..
Hong Kong	0.3	..	1.1	1.5	0.5	0.4	0.4	0.4	1.4	3.8	..	..	..
India	10.0	..	12.4	9.8	19.7	15.2	37.7	22.6	12.1	12.8	..	..	..
Indonesia	—	..	—	0.3	0.1	0.1	0.2	0.5	0.5	—	..	..	..
Malaya	0.5	..	1.7	2.8	1.1	1.8	0.9	1.1	3.9	7.9	..	..	..
Japan	1.2	..	0.3	1.2	4.7	9.2	8.2	15.3	6.4	7.7	..	..	..
United Kingdom	3.3	..	23.2	8.7	9.8	9.6	12.3	10.5	10.9	15.8	..	..	..
United States	0.6	..	1.8	1.1	1.3	1.4	0.7	0.9	1.2	1.7	..	..	..
INTO CEYLON in Rs. from													
Burma	2.9	5.6	14.3	12.8	19.0	21.5	15.4	17.9	30.6	21.0	32.5	18.8	11.8
China	0.1	0.2	2.0	0.2	0.2	0.3	0.4	0.4	0.2	0.3	0.4	0.3	0.2
India	4.3	10.6	10.5	12.7	15.1	15.5	17.4	20.8	12.9	14.2	14.9	13.7	14.1
Indonesia	1.4	—	0.3	0.5	0.9	0.9	0.5	0.8	0.1	5.1	10.9	3.7	1.6
Malaya	0.2	0.2	0.3	0.4	0.7	1.3	0.4	0.3	0.2	0.7	0.3	0.5	1.3
Pakistan	..	..	0.9	1.0	1.1	1.3	1.0	2.3	5.5	0.6	0.9	0.4	0.6
Thailand	0.5	—	0.7	3.3	4.7	1.3	1.8	1.8	0.9	1.4	0.7	1.1	2.2
Japan	1.3	0.5	1.1	1.5	2.6	5.3	2.4	6.3	7.0	6.6	6.2	7.6	5.9
United Kingdom	4.0	12.8	14.3	15.4	19.2	21.0	23.2	23.6	28.3	30.9	23.3	41.5	28.0
United States	0.4	9.4	6.3	6.1	2.9	3.0	3.1	2.8	7.8	8.2	10.1	9.7	4.8
Canada	0.1	5.6	0.7	0.9	1.7	0.3	0.3	0.4	1.4	2.7	1.7	1.1	5.4
Australia	0.5	9.6	10.4	8.5	6.7	6.5	9.3	9.9	8.0	10.5	13.3	13.5	4.7
INTO HONG KONG in HK$ from													
N. Borneo	0.2	0.6	0.8	1.0	1.0	0.9	0.8	1.8	4.2	1.6	1.9	1.8	1.1
Burma	0.4	1.4	2.9	1.5	1.5	0.6	3.5	0.6	0.3	0.6	0.5	0.1	1.2
Ceylon	—	0.1	0.1	0.2	0.2	0.1	0.2	0.3	0.4	0.3	0.3	0.3	0.3
China	19.4	31.8	35.9	49.5	71.4	32.6	91.2	78.2	87.9	58.8	71.2	55.6	49.7
India	1.0	3.8	4.0	7.5	14.0	6.9	12.7	20.3	17.5	9.3	9.8	9.3	8.9
Indochina	2.9	1.7	2.5	1.8	2.5	4.7	1.8	2.3	2.6	6.9	2.8	5.7	12.1
Indonesia	3.4	1.8	3.4	3.3	6.7	6.1	8.7	8.4	7.0	5.2	6.8	5.5	3.3
Korea, South	..	—	3.5b	3.1	1.9	0.5	—	0.2	0.5	0.3	0.5	0.2	0.2
Malaya	0.6	8.5	7.1	9.0	24.9	26.7	57.9	71.2	40.7	10.0	9.0	9.7	11.3
Pakistan	..	—	—	2.8	7.8	9.1	8.0	22.6	14.3	3.2	5.3	3.6	0.7
Philippines	0.2	1.2	0.8	1.3	1.4	1.2	2.1	1.1	1.3	0.8	0.8	0.6	1.0
Thailand	3.0	5.0	8.0	9.2	15.2	18.4	15.7	11.4	8.5	16.2	12.7	14.8	21.0
Japan	1.6	3.0	6.6	6.7	19.2	17.8	48.5	61.3	20.7	16.7	19.7	12.2	18.3
United Kingdom	4.7	13.7	25.1	32.3	33.7	31.2	31.6	43.7	51.5	53.0	68.1	45.5	45.3
United States	4.6	24.9	32.3	47.9	54.7	45.0	60.4	26.9	35.8	33.8	37.9	25.7	37.9
Canada	0.5	1.7	3.0	4.8	4.2	3.5	5.1	6.2	6.0	7.5	5.6	5.9	10.9
France	0.3	1.4	1.9	2.8	3.7	2.2	3.9	9.4	13.7	10.1	13.3	9.0	7.9
Oceania	1.1	4.4	4.7	5.5	6.7	3.5	5.2	7.9	9.7	5.5	9.1	3.9	3.5
INTO INDIA c in Rs. from													
Burma	18.9	7.5	16.0	13.5	6.6	7.2	14.1	22.2	9.6	28.6	17.2	32.0	36.8
Malaya	3.2	6.6	5.3	10.5	11.8	17.8	8.5	18.3	22.2	17.2	18.2	20.4	13.9
Pakistan	..	..	12.5d	61.0	34.0	71.2	30.9	19.8	102.5	126.1	94.9	132.9	150.6
Japan	13.0	—	1.1	21.3	6.2	8.8	7.5	12.6	16.1	23.1	21.8	28.1	19.5
United Kingdom	40.1	93.8	113.5	144.4	97.7	98.2	102.5	104.5	125.5	121.4	100.0	134.6	129.6
United States	9.5	97.7	86.6	83.2	82.8	102.4	68.1	101.3	159.2	175.0	173.6	164.3	187.3
Canada	0.6	7.9	5.9	10.8	8.3	12.2	6.6	31.3	20.7	8.7	7.2	9.0	10.0
Australia	1.7	8.6	19.5	18.7	33.2	18.7	31.6	18.5	8.7	18.9	16.6	25.4	14.8
INTO INDOCHINA e in Pr. from													
China	1.2	0.3	8.9	10.6	9.3	10.0	8.1	6.3	12.2	12.9	11.3	14.1	13.2
Hong Kong	1.2	1.2	1.1	1.3	1.2	0.8	2.5	0.3	0.3	1.2	0.6	1.1	1.9
India and Pakistan	0.5	1.7	2.4	7.0	2.6	2.9	2.7	2.6	1.7	3.6	3.5	3.4	3.8
Indonesia	0.7	1.2	3.6	6.1	9.2	9.2	11.4	8.8	6.7	15.1	8.3	18.5	18.6
Thailand	0.3	0.4	5.3	3.3	2.1	1.9	1.9	1.8	2.9	3.1	3.2	2.1	4.1
United States	0.8	17.4	24.9	29.5	20.8	23.0	24.0	13.2	31.0	32.9	36.8	12.3	46.8
France	8.5	49.7	123.2	237.8	275.0	359.7	298.3	309.1	331.6	460.6	448.0	458.7	474.9
INTO INDONESIA in R. from													
Burma	0.6	1.2	2.0	4.0	5.6	7.9	10.5	4.4	7.3	16.8	17.9	22.9	9.8
China	0.7	3.0	2.3	2.5	0.7	0.8	1.0	0.7	1.2	1.2	1.3	1.2	1.0
Hong Kong	0.5	1.9	2.1	3.2	6.8	3.1	11.6	12.3	10.8	19.0	17.6	20.1	19.3
India	0.9	1.3	1.2	1.8	7.0	5.6	10.9	10.3	8.4	10.0	11.5	10.5	8.0
Malaya	3.4	4.4	2.6	2.7	6.1	6.1	12.6	12.2	12.1	15.6	16.5	16.2	14.2
Philippines	0.1	—	0.1	—	—	—	0.1	0.1	—	0.3	0.1	0.2	0.4
Thailand	0.2	0.9	2.7	4.7	3.2	2.4	7.2	3.7	7.3	6.6	6.5	5.7	7.4
Japan	6.0	5.1	15.6	9.3	13.4	13.5	22.1	20.3	31.2	81.8	82.9	87.9	74.6
Netherlands	8.4	9.6	18.4	28.0	21.9	21.0	32.2	16.3	20.2	41.4	35.8	37.1	51.4
United Kingdom	3.0	5.4	7.9	13.4	9.3	9.2	12.9	11.0	10.9	21.9	20.5	19.6	25.7
United States	3.6	25.5	21.2	33.2	26.3	30.6	36.0	22.9	36.5	82.5	78.3	99.7	69.5
Australia	1.1	1.5	2.7	0.5	0.9	1.3	2.0	1.8	3.2	42.2	4.0	5.0	3.7

V. DIRECTION OF IMPORT TRADE—*(Contd.)*

(Monthly averages in millions)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
INTO MALAYA in M$ from													
N. Borneo	0.2	0.7	1.3	1.8	4.3	5.2	6.2	6.2	3.6	4.8	5.4	4.6	4.4
Brunei	0.1	0.1	0.1	0.1	0.4	0.5	0.6	0.8	0.5	0.5	0.4	0.6	0.5
Sarawak	2.0	4.1	6.4	6.8	13.6	17.0	18.9	19.8	17.1	17.6	17.7	20.7	14.4
Burma	2.1	2.7	7.7	6.9	3.4	3.5	4.8	8.1	4.9	6.1	3.7	7.0	7.7
Ceylon	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.6	0.4	0.7	0.3	0.2
China	2.0	10.2	9.5	7.8	10.3	11.8	10.2	12.8	13.3	13.1	16.4	12.7	10.2
Hong Kong	0.7	5.0	3.8	4.0	7.5	8.2	11.6	12.4	11.0	9.1	10.6	8.1	8.6
India	1.4	3.1	2.9	5.6	15.3	14.5	19.1	30.2	19.5	9.0	9.1	9.8	8.3
Indochina	1.2	0.9	2.5	1.8	1.5	1.5	1.5	1.8	2.9	2.5	2.7	2.7	2.0
Indonesia	12.7	21.8	29.4	26.5	64.2	74.9	103.9	144.3	127.2	99.4	110.6	100.6	86.9
Thailand	7.3	9.7	10.7	16.2	26.5	31.0	37.6	43.4	25.1	27.4	20.1	29.7	32.3
Japan	1.0	0.5	1.1	3.3	7.8	10.4	12.8	18.5	25.2	18.2	21.0	17.9	15.8
United Kingdom	8.5	22.0	28.7	31.9	42.2	40.9	50.8	55.0	62.4	66.9	75.2	59.5	66.0
United States	1.4	11.5	17.4	9.4	7.4	7.5	9.6	10.7	18.8	23.5	26.8	21.8	22.0
Canada	0.4	1.6	1.9	1.5	1.4	1.3	1.0	1.5	2.9	3.0	3.1	3.3	2.5
Oceania	1.2	7.2	7.9	8.9	9.5	9.3	10.0	11.1	10.5	14.2	18.8	14.2	9.6
INTO PAKISTAN f in Rs. from													
Burma	..	.	0.7	2.0	0.3	0.4	0.2	0.5	0.2	*0.5*	*0.4*	*0.7*	*0.4*
Ceylon	..	..	2.4	1.4	2.3	4.1	2.0	2.0	0.9	*1.8*	*2.9*	*1.2*	*1.4*
China	..	.	5.7	4.5	5.1	6.7	9.8	5.6	6.8	*3.9*	*7.4*	*0.9*	*3.4*
India	..	..	37.4	14.2	11.5	12.2	17.2	6.7	6.4	*4.7*	*2.9*	*7.2*	*4.0*
Malaya	..	..	1.8	0.8	1.2	1.3	1.7	2.3	1.0	*2.3*	*0.3*	*5.0*	*1.5*
Japan	..	..	0.8	7.8	14.4	12.1	16.2	21.0	28.9	*40.5*	*39.4*	*42.8*	*39.1*
United Kingdom	..	..	22.5	29.0	25.0	29.2	32.3	39.1	26.9	*25.6*	*16.9*	*33.7*	*26.1*
United States	..	..	6.6	10.0	8.7	10.4	8.8	11.1	5.8	*7.7*	*4.2*	*11.1*	*7.9*
INTO PHILIPPINES in Ps. from													
Burma	..	..	..	0.3	—	—	—	—	—	..	..	..	..
China	..	2.4	3.8	1.7	—	—	—	—	—	..	—	..	..
Hong Kong	..	—	0.1	0.2	1.5	1.5	2.1	1.5	1.1	..	2.0	0.6	..
India	..	0.7	1.1	0.9	0.4	0.4	0.2	0.4	0.5	..	1.4	0.6	..
Indonesia	..	0.4	2.5	2.7	0.7	1.0	1.2	1.5	1.4	..	2.8	0.2	..
Thailand	..	0.4	0.1	0.9	0.2	—	0.2	1.5	2.4	..	2.4	..	..
Japan	..	0.2	0.3	2.7	2.4	1.2	1.8	3.3	8.3	..	13.0	3.6	..
United Kingdom	..	0.5	0.9	0.8	0.9	1.1	0.8	1.1	0.9	..	0.8	1.2	..
United States	..	73.3	78.3	76.3	42.5	37.1	35.6	42.9	53.5	..	61.4	45.6	..
INTO THAILAND g in Baht from													
Burma	—	0.3	0.4	1.2	..	..	..	..	..	..	..	..	..
China	1.4	4.9	11.1	8.3	..	..	..	..	..	..	..	..	..
Hong Kong	0.1	35.4	36.3	32.9	..	..	..	..	..	..	..	..	..
India	1.3	1.5	2.9	13.3	..	..	..	..	..	..	..	..	..
Indochina	0.1	3.7	2.2	0.8	..	..	..	..	..	..	..	..	..
Indonesia	0.8	0.3	1.2	5.0	..	..	..	..	..	..	..	..	..
Malaya	1.0	20.5	47.5	34.8	..	..	..	..	..	..	..	..	..
Philippines	—	1.3	1.1	0.5	..	..	..	..	..	..	..	..	..
Japan	1.6	—	3.4	15.8	..	..	..	..	..	..	..	..	..
United Kingdom	6.6	8.5	10.0	16.5	..	..	..	..	..	..	..	..	..
United States	1.1	26.0	13.0	29.8	..	..	..	..	..	..	..	..	..
INTO JAPAN h in US$ from													
China	22.9	0.4	2.1	3.8	6.5	7.1	5.8	10.6	7.4	.	5.2	3.1	..
Hong Kong	..	0.4	0.3	..	—	..	0.1	0.3	0.8	..	0.6	0.6	..
India	4.1	0.8	2.3	1.1	1.5	0.3	2.2	3.5	7.5	..	9.5	8.4	..
Indonesia	2.1	0.1	1.0	1.3	1.1	1.1	1.6	7.2	7.1	..	6.2	2.5	..
Malaya	2.4	0.4	0.9	1.8	3.3	4.4	6.6	4.9	6.2	..	5.7	6.2	..
Korea	16.5	0.2	0.4	0.3	1.3	0.3	0.3	0.5	0.8	..	0.5	0.8	..
Philippines	0.8	0.2	0.8	1.1	1.9	1.9	2.9	3.9	5.1	..	4.8	3.9	..
United Kingdom	1.5	0.8	0.4	0.5	0.5	0.2	0.8	1.3	2.8	..	3.8	6.6	..
United States	21.7	40.3	36.7	48.0	35.6	32.0	37.2	49.6	82.2	..	69.0	62.3	..
Australia	2.0	0.1	0.7	2.3	6.4	2.2	9.2	13.4	17.1	..	23.3	8.4	..
Canada	2.2	—	0.3	0.5	1.3	0.9	0.6	4.2	9.6	..	11.7	8.1	..

a. Burma: Prewar data refer to period October 1938 to September 1939; 1948 and 1949 annual figures refer to twelve months ending September.

b. All Korea. Imports from North Korea in 1949, 1950 and third quarter 1950 are respectively 4.6, 1.6 and 0.5.

c. India: 1947 figures are averages for January-July, and 1948 are averages for nine months, April-December.

d. Excluding imports from Pakistan by land in 1948.

e. Indochina: Data for 1947 are averages for April-December.

f. Pakistan: Sea and airborne trade only. Annual figures for 1948 and 1949 are for years beginning 1st April.

g. Thailand: Prewar data refer to year ending March 1940.

h. Japan: Imports from India include Burma and Pakistan in 1938 and Pakistan in 1947 and 1948.

VI. DIRECTION OF EXPORT TRADE

(Monthly averages in millions)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
FROM BURMA a* in Rs to													
Ceylon	2.2	..	11.6	11.6	18.9	24.5	14.5	19.4	30.1	14.2	..	..	..
China	0.2	..	3.7	8.1	1.9	0.3	0.2	2.0	—	0.6	..	..	..
Hong Kong	0.3	..	1.6	1.0	1.3	1.1	2.4	0.2	0.6	0.4	..	..	..
India	22.0	..	25.2	23.1	11.4	16.6	15.8	22.5	15.7	21.3	..	..	..
Indonesia	0.6	..	2.7	3.9	8.6	13.9	7.8	8.3	26.0	2.0	..	..	..
Malaya	2.8	..	10.1	8.1	3.5	2.1	3.6	5.7	4.7	11.2	..	..	..
Pakistan	..	..	..	2.8	0.5	0.6	0.6	0.2	0.5	0.7	..	..	..
Philippines	—	..	0.2	0.9	—	—	—	—	—	—	..	..	..
Japan	0.8	..	0.1	1.3	8.1	5.9	5.8	11.2	13.5	13.7	..	..	..
United Kingdom	5.7	..	5.6	3.2	2.3	2.1	2.8	4.4	5.1	7.2	..	..	..
United States	0.1	..	0.6	0.5	0.2	0.2	0.3	0.5	0 3	0.6	..	..	..
FROM CEYLON in Rs. to													
India	0.7	2.9	1.7	1.7	2.4	2.3	5.9	4.1	1.9	4.4	4.4	4.9	3.7
Pakistan	..	..	1.5	1.8	3.2	5.0	2.8	1.6	2.8	1.5	1.8	1.2	1.6
Japan	0.1	—	0.1	0.4	0.1	0.1	0.3	0.4	0.6	0.8	0.5	0.5	1.3
United Kingdom	11.8	25.4	25.1	27.9	30.5	39.6	40.2	43.0	53.6	47 2	50.0	47.3	44.3
United States	2.8	10.0	13.8	9.5	27.7	33.7	36.4	25.8	18.2	9.7	11 9	10.2	7.0
Canada	0.8	4.7	3.3	3.7	7.8	6.8	9.5	9.2	6.2	4.6	3.5	3.4	6.9
Australia	0.9	5.9	7.0	7.0	9.5	7.8	8.8	9.0	13.0	13.7	19.6	14.4	7.3
New Zealand	0.5	1.9	1.8	2.8	3.2	0.6	2.6	3.2	2.4	6.1	8.9	0.7	8.8
FROM HONG KONG in HK$ to													
N. Borneo	0.1	0.6	0.6	0.8	1.2	1.6	1.3	1.9	1.4	0.9	1.3	0.9	0.7
Burma	0.3	0.6	1.0	1.5	2.4	3.2	0.7	0.9	3.1	6.9	7.7	4.1	8.9
Ceylon	0.1	0.6	0.6	0.5	0.8	1.2	1.2	1.0	0.4	0.4	0.4	0.2	0.7
China	19.2	22.2	23.4	48.7	121.6	127.2	190.7	231.9	170.5	101.8	91.1	112.3	102.1
India	0.4	2.2	4.0	3.2	2.0	2.4	3.0	2.6	3.0	1.5	2.5	1.2	0.8
Indochina	1.9	1.5	1.6	1.6	1.9	1.9	1.7	1.7	2.5	3.5	2.7	4.0	4.0
Indonesia	1.2	4.4	5.7	4.6	10.2	10.1	13.7	21.3	26.3	17.9	11.1	25.8	16.7
Korea, South	..	—	4.9b	6.2	1.9	—	0.1	1.0	1.6	1.6	2.3	0.3	2.3
Malaya	3.1	17.9	17.1	20.0	45.2	52.4	74.1	98.1	68.6	35.8	35.4	37.8	34.2
Pakistan	..	..	—	4.5	10.9	23.9	10.3	20.2	24.4	3.3	5.8	1.3	2.9
Philippines	0.8	5.1	11.4	8.6	6.9	8.0	9.3	6.3	4.3	5.4	5.3	4.1	6.8
Thailand	1.3	7.2	11.7	9.7	8.2	13.2	6.8	8.1	5.4	6.4	4.7	6.3	8.3
Japan	0.3	1.3	4.1	5.8	10.1	8.1	13.7	28.2	16.9	11.4	15.6	12.1	6.4
United Kingdom	1.8	3.2	6.3	11.6	14.0	11.7	11.7	18.6	22.9	20.7	29.8	16.6	15.6
United States	4.3	12.6	12.7	19.5	25.7	35.7	28.5	16.7	9.1	7.2	6 9	6.2	8.6
Canada	0.2	0.2	0.6	1.2	0.8	0.9	0.8	1.7	1.9	0.7	0.8	0.6	0.8
Oceania	0.3	1.0	1.7	3.4	3.6	3.7	4.2	4.2	9.2	7.6	10.7	7.2	4.9
FROM INDIA c in Rs. to													
Burma	8.4	11.1	10.0	7.8	18.8	11.6	39.5	14.5	12.4	18.1	12.4	25.0	16.7
Ceylon	4.2	11.4	9.5	11.9	14.0	13 6	16.7	19 9	12.0	12 4	12.6	10.8	13.9
China	1.3	5.2	5.6	1.8	2.0	4.0	1.5	5:7	3.9	5.5	3.4	0.8	12.3
Pakistan	..	..	40.6d	43.5	23.8	42.5	27.0	14 8	24.6	27.8	27.4	28.3	27.7
United Kingdom	46.0	78.7	78.3	93.4	95.7	94.5	124.8	129.7	157.9	176.2	169.9	182.6	176.3
United States	11.2	61.2	59.7	57.1	80.5	87.5	90 0	116.2	132.8	88.7	92.6	66.1	107.3
Canada	1.7	9.3	6.9	7.6	10.5	10.6	10.0	15.9	21.0	12.3	9.9	15.0	12.1
Australia	2.5	14.5	17.2	20.4	23.3	26.0	26.4	27.6	37.1	47.4	52.1	53.4	36.6
FROM INDOCHINA e in Pr. to													
China	0.6	0.3	2.1	0.6	0.4	0.6	0.2	3.6	—	0.7	0.2	0.4	1.6
Hong Kong	2.3	1.3	11.2	13.2	15.5	23.8	12.9	9.8	14.9	32.0	26.7	33.6	35.7
Malaya	2.5	4.0	9.4	9.9	11.6	10.9	13.9	13.4	19.7	23 2	29.5	15.8	24.2
Thailand	0.1	0.7	3.7	4.9	3.1	1.4	3.8	1.7	3.3	6.5	2.6	9.3	7.6
United States	2.1	2.5	2.2	1.0	25.6	26.7	34.5	34 6	14.6	21.9	22 3	19.9	23.5
France	11.4	18.0	42.6	46.6	49.9	71.2	65.4	107.9	71.0	64.5	50.9	51.4	91.3
FROM INDONESIA in R. to													
Burma	—	—	—	0.2	—	—	—	—	—	—	—	—	—
Hong Kong	1.1	0.6	1.6	1.0	1.2	1.2	1.7	1.6	0.9	1.5	1.1	1.2	2.1
India	0.4	—	0.1	0.5	0.8	1.7	0.2	1.1	1.7	1.1	0.2	1.5	1.8
Malaya	10.7	6.1	16.6	29.8	83.2	108.5	140.7	102.3	183.5	114.1	117.8	172.3	52.1
Philippines	0.5	0.1	0.8	1.1	1.4	1.7	1.5	0.9	3.3	1.7	2.8	0.7	1.4
Thailand	0.2	—	0.3	0.8	1.0	1.4	0.9	1.1	2.0	1.1	0.8	2.1	0.4
Japan	1.8	0.4	2.1	2.8	3.2	2.6	6.0	20.3	19.9	4.7	6.3	6.3	1.4
Netherlands	11.5	12.9	31.0	41.2	55.4	59 9	61 3	61.2	90.0	81.8	106.5	80.1	58.9
United Kingdom	3.1	0.7	1.7	5.5	8.3	11.5	11.3	7.8	26.7	39.3	69.1	37.1	11.5
United States	8.2	5.3	15.2	19.4	37.2	51.4	57.4	34.7	89.9	62.8	80.6	84.5	23.4
Australia	2.4	0.2	0.8	1.8	4.2	5.1	5.5	5.7	14.4	7.6	5.7	12.3	4.8

VI. DIRECTION OF EXPORT TRADE—*(Contd.)*

(Monthly averages in millions)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
FROM MALAYA in M$ to													
N. Borneo	0.2	0.8	1.2	1.6	2.6	2.9	..	3.1	4.2	3.1	3.7	2.4	3.2
Brunei	0.1	0.1	0.2	0.4	0.5	0.6	0.6	0.6	0.8	0.6	0.5	0.6	0.6
Sarawak	0.7	2.1	2.6	2.3	4.9	5.4	6.6	4.8	7.7	4.6	5.1	5.2	3.6
Burma	0.3	0.7	1.0	1.0	1.1	1.4	1.3	2.3	4.1	6.1	5.7	6.9	5.7
Ceylon	0.2	0.2	0.8	2.3	1.9	1.6	1.8	2.1	0.9	1.6	0.6	2.5	1.6
China	0.3	0.7	1.3	0.7	10.4	8.5	32.9	27.9	6.0	0.5	0 9	0.5	—
Hong Kong	0.6	4.1	3.4	5.5	16.9	17.9	37.3	44.4	16.5	5.6	3.3	7.1	6.4
India	1.8	4.3	5.3	5.1	6.3	9.5	6.8	9.3	10.5	8.3	8 8	8.3	7.9
Indochina	0.1	0.3	0.7	0.7	1.0	1.6	1.0	1.4	1.3	1.9	2.0	1.6	2.2
Indonesia	3.4	10.5	16.1	11.6	21.4	21.3	32.7	45.6	50.0	31.3	30.4	32.9	30.6
Korea	..	—	—	0.1	0.1	—	—	—	0.2	1.0	0.4	0.7	1.8
Pakistan	..	—	0.6	0.8	1.0	1.8	1.1	1.1	1.4	2.2	2.4	2.7	1.5
Philippines	0.1	0.1	0.5	0.9	1.3	1.8	0.7	1.6	2.0	1.3	2.3	0.1	1.6
Thailand	1.3	1.3	4.1	3.8	6.0	8.4	5 3	6.8	7.4	8.1	7.1	7.1	10.0
Japan	4.5	1.1	1.6	2.5	9.6	16.0	16.6	15.9	13.6	8.6	11.4	6.7	7.8
United Kingdom	6.8	17.3	20.0	17.0	45.6	50.6	74.8	89.9	101.6	106.1	94.1	120.2	103.8
United States	14.4	36.6	38.2	35.8	87.3	89.6	144.3	117.6	127.5	76.9	86.8	82.3	61.6
Canada	1.5	3.7	3.7	3.0	8.2	9.5	15.2	16.6	14.6	10.3	11.0	7.8	12.2
Oceania	2.5	3.5	5.1	7.2	14.1	15.2	19.1	25.5	43.6	23.3	16.1	30.3	23.5
FROM PAKISTAN f * in Rs. to													
Burma	..	..	0.3	0.1	0.1	0 1	0.1	0.6	0.2	*0.1*	*0.1*	—	—
Ceylon	..	..	1.2	0.6	0.8	0.7	0.5	2.5	2.0	*0.3*	*0.3*	*0.2*	*0.2*
China	..	..	2.7	1.0	2.6	1.3	3.3	20.8	4.4	*11.3*	*21.9*	*1.5*	*10.3*
Hong Kong	..	..	2.1	4.9	9.6	9.6	6.0	22.3	3.6	*0.5*	*0.8*	*0.8*	—
India	..	..	19.1	7.1	2.9	9.2	1.4	0.7	16.1	*4.7*	*7.5*	*5.1*	*1.3*
Malaya	..	..	0.1	0.1	0.1	0.1	0.2	0.1	0.2	..	..	*0.1*	*0.1*
Thailand	..	..	—	—	—	0.1	—	0.2	..	..	..	..	..
Japan	..	..	1.0	4.4	12.1	23.5	14.3	59.8	13.4	*2.9*	*5.3*	*1.2*	*2.0*
United Kingdom	..	..	12.3	14.7	36.2	13.4	23.6	46.5	23.1	*16.4*	*16.8*	*10.5*	*21.9*
United States	..	..	10.9	10.0	10.1	10.3	14.2	16.6	12.7	*3.9*	*5.6*	*3.6*	*2.4*
FROM PHILIPPINES * in Ps. to													
China	..	0.2	0.3	0.1	0.2	0.2	0.1	0 2	0.2	..	..	—	..
Hong Kong	..	0.5	0.5	0.8	0 4	0.2	0.3	0.4	0.3	..	0.2	0.2	..
India	..	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.3	..	0.4	—	..
Indonesia	..	0.8	0.9	0.4	—	—	—	—	0.7	..	0.4	0.2	..
Korea	..	—	0.3	—	0.4	—	1.3	—	..	..	..	..	..
Malaya	..	1.2	0.1	0.1	—	—	—	—	—	..	—	—	..
Thailand	..	0.1	0.1	—	0.1	0.1	—	—	—	..	—	—	..
Japan	..	0.4	2.6	1.9	3.7	3.0	6.6	5.0	5.5	..	3.4	3.8	..
United Kingdom	..	1.4	0.6	0.5	0.9	1.0	0.8	1 9	2.3	..	3.2	2.2	..
United States	..	25.4	34.8	30.6	4 .9	44.2	43.3	57.8	48.5	..	36.8	27.8	..
FROM THAILAND g in Baht to													
N. Borneo	—	0.4	2.1	2.3	..	..	..	..	..	..	..	..	..
Burma	—	0.3	1.5	1.0	..	..	..	..	..	..	..	..	..
Ceylon	0.5	0.1	1.4	8.5	..	..	..	..	..	..	..	..	..
China	0.2	4.3	21.7	7.3	..	..	..	..	..	..	..	..	..
Hong Kong	2.0	18.0	16.3	17.4	..	..	..	..	..	..	..	..	..
India	2.0	4.0	16.7	31.2	..	..	..	..	..	..	..	..	..
Indochina	—	0.5	1.0	0.5	..	..	..	..	..	..	..	..	..
Indonesia	0.2	0.6	8.0	12.8	..	..	..	..	..	..	..	..	..
Korea	—	0.6	1.9	—	..	..	..	..	..	..	..	..	..
Malaya	10.7	32.4	39.6	68.5	..	..	..	..	..	..	..	..	..
Philippines	0.2	1.0	5.5	4.5	..	..	..	..	..	..	..	..	..
Japan	1.0	—	0.5	14.2	..	..	..	..	..	..	..	..	..
United Kingdom	0.4	2.0	4.5	11.5	..	..	..	..	..	..	..	..	..
United States	0.1	10.1	36.8	38.3	..	..	..	..	..	..	..	..	..
FROM JAPAN h * in US$ to													
China	35.0	0.8	0.3	1.0	4.8	4.1	8.1	6.4	4.3	..	5.3	*5.1*	..
Hong Kong	..	..	..	..	5.3	4.4	9.7	6.4	2.8	..	2.1	*2.0*	..
India	4.5	0.7	0.7	5.4	1.7	1.9	2.3	2.2	5.3	..	4.9	*3.8*	..
Indonesia	2.5	2.0	4.7	2.3	3.9	3.5	5.1	8.3	16.5	..	11.3	*9.5*	..
Korea	21.6	1.6	1.5	1.4	1.5	0.9	2.1	0.7	1.3	..	1.4	*1.7*	..
Malaya	0.5	0.3	0.5	1.3	1.5	1.6	1.9	4.5	6.5	..	4.1	*3.9*	..
Philippines	0.8	0.1	0.3	1.8	1.5	0.6	3.0	1.5	6.1	..	4.0	*1.6*	..
United Kingdom	3.2	1.7	1.4	3.5	2.2	2.4	2.2	2.7	3.8	..	6.2	*5.2*	..
United States	10.1	1.7	5.5	6.6	14 9	17.7	17.2	15.8	14.6	..	18.5	*14.4*	..

* Including Re-exports.

a. Burma: Prewar data refer to period October 1938 to September 1939; 1948 and 1949 annual figures refer to twelve months ending September.

b. All Korea. Exports to North Korea in 1949 and 1950 are respectively 4.1 and 0.6.

c. India: 1947 figures are averages for January-July, and 1948 are averages for nine months, April-December.

d. Excluding exports to Pakistan by land in 1948.

e. Indochina: Data for 1947 are averages for April-December.

f. Pakistan: Sea and airborne trade only. Annual figures for 1948 and 1949 are for years beginning 1st April.

g. Thailand: Pre-war data refer to year ending March, 1940.

h. Japan: Exports to India include Burma and Pakistan in 1938 and Pakistan in 1947 and 1948.

VII. QUANTITIES OF EXPORTS OF SELECTED COMMODITIES

(Monthly averages in thousand tons)

	1938	1947	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
RICE													
Burma	253.3	67.0	102.2	99.2	99.2	116.7	83.7	107.2	138.9	113.9	107.6	128.7	105.4
Thailand	115.4	32.9	67.6	101.3	123.2	115.7	126.1	159.5	104.2	129.3	120.0	150.2	117.6
Indochina	77.8	3.6	13.4	7.8	8.7	6.1	4.8	23.6	19.4	27.4	20.8	33.7	27.6
TEA													
Ceylon	8.9	10.9	11.2	11.6	11.1	12.1	10.5	10.5	13.0	11.2	13.8	10.5	9.4
India	13.4a	16.1a	14.2	16.1	14.8	15.8	22.1	19.4	8.4	17.5	11.4	17.7	23.4
Pakistan	..	..	..	1.2	0.5	0.1	0.8	1.2	1.7	1.9	1.0	1.8	2.8
Indochina	0.2	—	—	0.1	0.1	0.1	0.1	—	—	0.1	—	0.1	0.1
Indonesia	6.0	0.3	0.8	1.8b	2.4	3.1	3.9	2.8	3.5	3.4	2.9	4.3	2.9
Japan	1.4	0.3	0.3	0.6	0.6	0.7	0.9	2.9	0.4	0.8	0.8	0.7	1.0
COPRA AND COCONUT OIL c													
Ceylon	8.7	5.1	9.2	8.6	7.5	8.2	13.3	10.1	8.8	11.1	12.6	11.2	9.4
Hong Kong d	0.1	1.6	0.7	0.3	0.4	0.5	0.4	0.2	0.2	0.2	0.1	0.5	0.2
Indonesia e	25.8f	7.6g	12.1g	15.8	14.1	12.1	16.4	17.3	25.7	27.2	32.9	25.7	23.0
Malaya	13.4	4.0	7.1	9.8	11.2	11.6	11.4	9.1	10.4	9.8	7.5	12.8	9.9
N. Borneo	0.4	0.2	0.3	0.8	1.4	1.5	1.2	0.8	0.5	1.1	0.5	1.4	1.4
Philippines	28.9f	51.2	35.3	33.4	41.9	53.9	55.9	40.2	41.6	51.6	42.0	56.8	56.0
Sarawak	0.1	—	0.1	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.2	0.2	0.3
Thailand d	..	..	..	0.3	0.3	0.5	0.2	0.2	0.4	..	0.3	0.4	..
PALM KERNELS AND OIL c													
Indonesia h	14.2	0.2	3.3	8.5	8.2	11.8	7.6	2.8	6.4	*8.8*	6.9	*5.1*	*14.3*
Malaya	3.1	4.1	4.4	5.0	5.2	6.6	4.5	5.3	3.9	3.6	4.0	4.2	2.8
GROUND NUTS AND OIL c													
Hong Kong	1.2	0.2	0.4	0.7	1.8	1.5	1.3	1.9	0.7	0.2	0.1	0.2	0.2
India	22.0	3.0	5.5	4.0	5.8	1.5	5.9	17.4	4.0	0.9	2.1	0.7	—
NATURAL RUBBER													
Brunei	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Burma	0.6	0.7	0.8	0.6	0.8	0.3	0.2	1.1	*1.2*	*0.4*	*0.8*	*0.3*	*0.3*
Ceylon	4.2	7.0	7.8	7.7	10.0	10.6	11.1	10.9	6.8	7.1	5.7	5.0	10.5
Indochina	5.0	4.3	3.5	3.5	4.4	4.1	5.0	4.5	3.4	4.2	2.6	5.0	5.0
Indonesia	25.5	24.3	36.6	35.7	56.8	68.3	65.5	*62.3*	74.3	52.7	67.7	56.6	33.8
Malaya i	31.4	54.2	57.5	57.5	55.7	60.7	64.8	49.0	57.6	49.2	40.2	60.5	47.0
N. Borneo	0.8	1.3	1.7	1.7	2.0	2.2	2.3	1.8	1.8	1.8	1.7	1.9	1.9
Sarawak	1.5	3.0	3.4	3.3	4.7	5.3	4.4	3.2	4.7	3.5	4.1	3.1	3.5
Thailand	3.5	4.5	8.1	8.0	9.5	11.0	9.0	10.1	8.6	10.4	12.4	8.8	10.1
COTTON RAW													
India	38.6	19.3	8.0	4.2	2.7	1.0	0.8	1.7	7.8	0.4	1.1	—	..
Pakistan	..	..	13.6	14.0	17.2	20.0	8.2	45.3	9.6	3.5	7.6	0.6	2.3
COTTON YARN (tons)													
Hong Kong	..	..	..	1,387	2,109	2,627	1,160	2,003	2,048	1,172	1,219	921	1,377
Malaya	197	..	22	152	388	707	361	260	113	134	56	256	90
Japan	1,745	903	458	803	892	947	499	1,160	1,018	*708*	*831*	*384*	*909*
COTTON PIECE GOODS (mn. metres)													
Hong Kong	..	..	..	7.4	10.8	17.3	12.9	13.1	9.4	10.8	8.5	12.6	11.1
India	14.6	22.9	23.5	35.5	93.7	77.4	100.3	141.5	45.9	20.9	25.9	20.6	16.1
Malaya	2.0	4.0	7.5	5.2	14.5j	13.5	18.8	19.2	17.0	10.6	12.6	7.7	11.5
Japan (mn. sq. metres)	158.4	26.4	28.2	52.2	76.9	77.4	80.0	72.1	94.4	*59.4*	*81.1*	*55.3*	*41.7*
JUTE RAW													
India	55.9	23.4	20.0	15.4	0.6	—	—	—	..	..	..	..	..
Pakistan			16.1	17.3	50.0	51.1	74.4	82.5	43.5	34.9	36.4	18.8	49.4
JUTE MANUFACTURES													
India													
Bag	49.0k	35.0	39.8	36.4	29.6	30.2	30.4	30.2	35.2	43.2	42.9	40.5	46.2
Cloth	29.9k	32.6	38.6	27.9	24.4	23.7	25.1	19.5	31.8	25.4	20.4	29.0	26.9
HEMP RAW													
Philippines	11.8	7.2	6.2	5.3	7.9	9.1		13.6	11.9	7.9	..	..	..
TIN CONCENTRATES													
Burma	0.2	0.2	0.2	0.1	0.1	0.2	0.1	*0.1*	*0.2*	..	..	..	..
Indonesia	1.2	1.3	2.8	2.6	2.6	2.5	2.9	2.4	3.0	2.3	2.2	2.0	2.7
Thailand	1.1	0.5	0.5	0.6	0.9	0.9	1.0	0.7	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*
TIN METAL													
Hong Kong	..	..	0.2	0.3	0.1	—	0.2	—	—	—	—	—	—
Malaya c	5.2	2.7	4.0	4.6	6.9	8.3	6.4	5.4	5.4	5.9	4.9	6.3	6.5
PETROLEUM l													
Indonesia	505.6	64.2	320.8	474.4	535.9	602.4	*665.6*	*318.6*	701.0	477.4	555.3	550.9	326.1
Malaya	84.2	36.3	82.1	131.3	164.8	177.3	158.2	166.7	123.2	182.1	207.4	176.1	162.7

a Including territory of Pakistan.
b Federal territory only.
c Expressed in terms of oil equivalent; figures under column for 1938 refer to averages for the period 1934-1938.
d Coconut oil only.
e Copra only.
f 1935-1939.
g Excluding exports to Singapore.
h Palm oil only.
i Net exports.
j Unit changed in 1950 to million square meters.
k Converted at 2.25 lbs. per bag and 0.50 lb. per yard of cloth.
l Petroleum and products.

VIII. INDEX NUMBERS OF UNIT VALUE OF IMPORTS AND EXPORTS AND TERMS OF TRADE

(Base 1948 = 100)

	1938	1947	1949	1950	1950		1951					
					III	IV	I	II	III	Jul.	Aug.	Sep.
Unit Value Indices												
BURMA												
Imports	24a	89b	109b	132b	125	63	67	82	83	73	86	89
Exports	17a	82b	102b	102b	98	122	124	130	129	135	137	118
CEYLON												
Imports	23.0	93	95	98	98	103	106	119	130	127	130	133
Exports: All Commodities	32.5	98	106	144	143	172	188	186	169	170	166	172
Tea	36.3	99	109	129	124	135	141	138	129	130	128	128
Rubber	56.2	108	90	218	237	357	410	333	341	326	323	374
All coconut products	14.5	94	111	145	138	152	170	191	168	179	165	159
Other export products	25.1	98	93	124	124	142	165	179	164	167	162	163
INDIA d												
Imports: All Commodities	28a	85a	97a	103	100	108	123	129	128	125	129	129
Food, drink & tobacco	..	..	108a	104	103	108	103	113	120	107	119	134
Raw materials & semi-manufactures	..	..	106a	113	110	122	155	161	155	163	154	148
Manufactures	..	..	90a	96	92	103	119	121	120	120	123	117
Exports: All Commodities	24a	89a	103a	110	110	111	121	170	180	185	180	175
Food, drink & tobacco	..	..	115a	127	127	126	140	153	156	153	159	157
Raw materials & semi-manufactures	..	..	111a	114	112	111	129	160	155	167	152	145
Manufactures	..	..	97a	103	103	106	111	180	201	206	202	196
INDO-CHINA												
Imports	7.8	65	122	122	121	119	130	137	141	129	142	151
Exports	11.1	68	128	147	176	164	190	159	173	155	170	195
INDONESIA												
Exports: All Commodities c	31	..	105	177	191	245	313	261	238	230	231	252
Estate produce	38	..	124	185	195	237	300	262	259	252	255	271
Peasant produce	27	..	92	171	185	245	306	248	218	211	210	232
Forest produce	12	..	78	99	100	114	139	151	149	151	153	144
MALAYA												
Imports: All Commodities	36	90	101	115	115	142	149	143	142	..	..	..
Food, drink & tobacco	23	78	95	100	107	107	108	99	114	..	..	..
Raw materials	53	85	106	175	171	260	314	305	248	..	..	..
Manufactures	41	106	99	106	105	124	122	125	129	..	..	..
Exports: All Commodities	43	86	98	173	183	258	298	287	221	..	..	..
Food, drink & tobacco	24	93	103	120	137	115	138	135	143	..	..	..
Raw materials	52	88	94	214	229	346	394	370	273	..	..	..
Manufactures	32	88	97	110	111	135	165	169	140	..	..	..
PHILIPPINES												
Imports	..	..	104	79	81	86	89	99	106	102	110	107
Exports	24.8	89	69	77	80	85	87	87	83	83	81	84
JAPAN e												
Imports	..	..	93	79	74	90	104	115	..	118	..	..
Exports	..	..	85	78	77	88	105	122	..	124	..	..
Terms of Trade *												
BURMA	135a	107b	107b	129b	127	51	54	63	64	55	63	75
CEYLON	71	95	90	68	69	60	56	64	77	75	78	80
INDIA d	117a	96a	94a	96	91	97	102	76	71	68	72	74
INDO-CHINA	73	96	95	83	69	73	68	86	81	83	84	77
MALAYA	83	105	103	66	63	55	50	50	64	..	..	..
PHILIPPINES	..	..	151	103	101	101	102	114	128	123	136	127
JAPAN	..	..	109	101	97	102	99	94	..	95	..	..

a Year beginning 1 April of the year stated.

b Year ending September of the year stated.

c Weighted wholesale price index numbers of 18 export products (f.o.b. prices excluding the value of foreign exchange certificates).

d Base, April 1948—March 1949 = 100.

e Compiled by Economic Stabilization Board.

* Ratio of Unit value index of imports to Unit value index of exports multiplied by 100.

IX. INDEX NUMBER OF WHOLESALE PRICES

(1948 = 100)

	1938c	1947	1949	1950	1950		1951					
					III	IV	I	II	III	Jul.	Aug.	Sep.
BURMA												
All agricultural produce	24	..	123	115	119	126	117	132	148	148	147	150
Cereals	31	..	96	98	108	107	91	109	115	114	115	114
Non-food agricultural produce	17	..	161	196	185	223	236	219	191	204	190	179
INDIA												
All items	27	81	104	109	111	112	116	124	120	122	119	119
Food articles	27	78	104	110	114	114	110	110	110	109	109	110
Industrial raw materials	23	85	108	117	119	122	133	159	140	150	137	132
Semi-manufactured articles	32	80	104	108	108	110	117	122	119	120	119	118
Manufactured goods	29	81	101	102	103	103	109	120	118	119	117	117
Miscellaneous	20	93	108	136	145	145	143	145	144	144	145	143
KOREA (Seoul)												
All items	..	61	137	..	..	831.1d	..	1,594	2.267	2,033	2,218	2,550
Fertilizers	..	79	300	..	..	909.7d	..	3,356	7,526	7,526	7,526	7,526
Textile raw materials	..	48	144	..	..	568.9d	..	1,566	1,789	1,535	1,706	2,127
Textiles	..	48	140	..	..	635.8d	..	1,454	1,775	1,467	1,776	2,084
Building materials	..	55	143	..	..	1,103.6d	..	2,220	2,535	2,264	2,551	2,790
PHILIPPINES (Manila)												
General	20	96	87	77	76	83	84	88	89	90	90	87
THAILAND (Bangkok)												
General	6	105	93	95	96	101	99	102	104	102	102	107
VIET-NAM (Saigon) a												
General index	6	68	125	123	130	132	136	144	150	148	151	152
Rice & paddy	6	65	125	104	116	104	96	101	118	114	121	123
Other food products			125	125	122	130	132	138	139	136	138	143
Fuel & mineral products	7	68	136	153	154	155	159	159	162	161	161	164
Raw materials	14	50	120	172	195	236	267	240	227	224	225	233
Semi-finished products	7	76	123	117	114	115	126	136	156	153	155	159
Manufactured products	4	88	125	105	106	110	122	152	154	154	159	148
JAPAN												
All items	1	38	163	192	197	215	246	272	271	266	272	276
Edible farm products	1	34	178	207	218	206	226	250	272	248	287	280
Processed foods	1	38	163	157	159	161	166	177	182	177	182	186
Textiles	1	34	215	262	280	322	389	393	330	341	315	335
Chemicals	1	47	138	180	188	204	221	241	257	241	263	266
Metal & products	2	42	143	211	221	270	351	452	451	454	450	449
Building materials	1	44	141	166	161	199	236	246	242	240	240	245
Fuels	1	36	150	167	160	168	177	193	210	204	211	216
Miscellaneous b	1	31	155	179	180	203	226	247	239	239	238	239

a New series for Saigon beginning 1949, which is linked to the old series

b. Revised Series.

c. Figures in the column refer to 1938-40 for Burma, year ending August 1939 for India and January to June 1939 for Saigon.

d Price index for Pusan beginning from the fourth quarter of 1950, with 1947 = 100. Index of 4th December is used from the fourth quarter of 1950. For comparison with previous Seoul prices, it may be indicated that, figures for June 1950 for Pusan for "All items" and the four group indices are respectively 368.0, 909.7, 342.3, 237.9 and 338.0; and those for Seoul with 1947 = 100, are respectively 348.0, 909.7, 351.8, 234.4 and 337.8:

X. INDEX NUMBERS OF COST OF LIVING AND RETAIL PRICES

(1948 — 100)

	1938	1947	1949	1950	1950		1951					
					III	IV	I	II	III	Jul.	Aug.	Sep.
BURMA (Rangoon)												
Cost of living	28	108	135	114	121	108	105	110	123	123	124	121
Food	24	115	142	120	132	113	111	115	137	137	139	135
CAMBODIA (Phnom-Penh)												
Cost of living	..	84	138	155	163	162	160	165	173	171	174	174
Food	..	80	133	150	156	157	153	158	168	164	170	168
CEYLON (Colombo)												
Cost of living	..	97	98	105	106	106	109	109	107	108	107	107
Food	..	91	104	112	114	112	114	112	110	110	110	109
HONG KONG												
Cost of living	..	101	112	117	116	116	126	128	130	..	..	130
Food	..	100	118	126	124	121	129	135	139	..	..	139
INDIA (Bombay)												
Cost of living	35	92	101	103	106	104	107	111	108	110	108	107
Food	32	99	105	109	114	109	113	116	113	116	113	111
INDONESIA (Djakarta)												
Food	8	179	97	113	111	119	179	167	191	193	189	191
KOREA (Pusan)												
Retail price index	..	59	123	281	278	461	881	1,152	1,698	1,516	1,729	1,849
Food	..	64	131	392	397	453	977	1,325	1,367	1,746	2,016	2,083
LAOS (Vientianne) a												
Cost of living	..	76	106	107c	108	110	107	111	117	120	116	115
Food	..	88	103	100c	100	105	95	99	109	114	107	107
MALAYA (Kuala Lumpur)												
Cost of living												
Chinese	..	106	94	101	102	109	125	132	136	134	136	137
Indian	..	103	94	99	100	107	125	132	136	135	136	135
Malay b	..	..	98	108	111	118	132	135	138	137	138	138
PAKISTAN (Karachi)												
Cost of living	..	..	..	95	94	94	96	98	99	99	99	99
Food	..	..	..	93	91	92	96	98	100	100	100	101
PHILIPPINES (Manila)												
Cost of living	25	106	94	92	92	97	97	100	100	100	100	99
Food	24	108	93	86	85	91	92	95	96	96	96	96
THAILAND (Bangkok)												
Cost of living	8	100	96	99	97	100	110	115	109	109	109	109
Food	5	99	95	97	94	94	107	112	104	104	104	103
VIET-NAM (Saigon)												
Cost of living	..	74	122	125	127	130	132	138	143	141	144	146
Food	..	74	120	114	114	117	115	118	126	123	127	129
JAPAN (Urban)												
Cost of living	..	57	138	129	129	129	142	150	155	149	159	158
Food	..	64	134	120	122	116	132	140	145	136	150	148

a. December 1948 = 100. 1948 averages for old series being 93 for cost of living index and 94 for food. New series begin from July 1950. Averages for the first quarter of 1950 for the old series for cost of living index and food index respectively are 94 and 92 and those for the new series are 102 and 95.

b. January 1949 = 100.

c. Averages of first, third and fourth quarters.

XI. WHOLESALE PRICE QUOTATIONS OF SELECTED COMMODITIES[a]

(Monthly averages per ton)

	Currency Unit	1938	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
RICE													
Burma	Rs.	..	266	264	..	257	265	264	259	266	..	..	..
India	Rs.	..	436	442	432	432	432	432	432	432	432	432	432
Indonesia	R.	..	870	870	..	920	..	2,177	1,610	..	2,300	..	..
Japan	000 Y.	0.211	24.9	29.7	..	29.7	..	36.9	36.9	..	36.9	..	..
Korea	000 W.	..	127	145	..	..	..	..	1,315h	2,013	1,795	2,114	2,129
Pakistan	Rs.	..	917	977	475	448	509	517	630	669	660	646	702
Thailand	Baht	..	738	713	696	692	723	702	699	743	695	729	804
Viet-Nam	Pr.	106	2,100	2,630	2,170	2,410	2,160	1,993	2,187	2,443	2,350	2,460	2,520
WHEAT													
India	Rs.	..	566	532	410	412	412	412	412	412	412	412	412
Korea	000 W.	..	73	95	..	..	..	..	970h	1,174	1,121	1,174	1,227
Pakistan	Rs.	..	326	317	270	233	244	266	302	..	337	..	..
SUGAR													
India	Rs.	..	990	846	773	769	787	822	822	822	822	822	822
Indonesia	R.	..	2,290	1,550	2,906	2,943	2,313	3,243	3,060	2,657	2,620	2,640	2,710
Korea	000 W.	..	411	745	..	..	..	..	5,975h	7,238	8,167	6,917	6,633
Pakistan	Rs.	..	925	964	1,000	1,008	1,021	1,021	1,021	1,021	1,021	1,021	1,021
Philippines	P.	72	307	313	284	293	278	263	264	283	281	287	282
Thailand	000 Baht	..	4.61	5.66	5.33	6.20	6.55	6.22	5.49	6.02	6.00	5.95	6.12
PEPPER													
Cambodia	000 Pr.	0.41	35.1	95.4	137	147	140	152	156	146	144	148	147
Indonesia	000 R.	..	5.47	19.4	..	..	..	..	..	..	..	..	..
Malaya	000 M$	..	3.2	8.2	15.0	16.7	15.9	18.2	17.3	15.4	15.6	15.2	15.3
Thailand	000 Baht	..	23.8	46.0	95.6	87.0	84.9	102.0	101.1	100.1	101.3	99.6	99.6
TEA													
Ceylon	Rs.	1,540	3,590	4,170	4,450	4,530	4,730	5,020	3,946	3,549	3,638	3,726	3,285
India	Rs.	..	3,590	3,660	..	4,100	..	3,814	..	..	..	4,056	3,990
Pakistan	Rs.	..	4,696	4,248	..	..	..	..	3,533	..	3,548	..	..
Indonesia	R.	..	2,200	2,870	5,520	6,330	6,000	6,920	7,000	6,470	6,500	7,000	5,780
U.K.	U.S.$	630	1,190	..	950	999	986	983	1,043	1,049	1,063	1,045	1,038
U.S.A.	US$	..	1,290	1,243	1,146	1,133	1,180	..	..	1,027	1,058	1,019	1,003
TOBACCO													
India	Rs.	..	..	5,820	6,850	7,100	..	6,937	6,878	..	6,878	..	..
Pakistan	Rs.	..	2,551	2,368	2,550	2,438	2,790	4,097	3,918	3,981	3,985	3,751	4,207
Philippines	P.	123	816	796	1,151	1,241	1,142	1,106	976	826	855	826	796
VEGETABLE OIL b													
Ceylon	Rs.	181	1,006	1,006	1,390	1,421	1,546	2,008	1,708	1,332	1,236	1,380	1,378
India	Rs.	..	666	760	850	890	830	942	981	818	925	753	778
Indonesia	R.	..	1,220	940	1,700	1,980	2,100	2,160	2,160	..	..	..	..
Malaya	M$	149‡	1,160	913	1,092	1,150	1,204	1,578	1,367	1,136	1,111	1,174	1,116
Pakistan	Rs.	..	2,649	2,986	3,267	3,566	3,483	3,393	2,869	2,851	2,880	2,846	2,827
Philippines	P.	130	980	620	676	673	720	890	760	580	570	580	590
COPRA													
Ceylon	Rs.	109	531	591	826	842	916	1,173	1,036	808	758	810	856
India	Rs.	..	986	1,289	1,486	1,476	1,609	1,585	1,534	1,534	1,517	1,534	1,551
Indonesia	R.	..	390	470	1,190	1,280	1,380	1,533	1,550	1,350	1,450	1,300	1,300
Malaya	M$	59	646	518	650	693	738	914	736	623	605	637	626
Philippines	P.	60	515	311	360	367	370	480	369	295	280	299	307
Thailand	Baht	..	..	2,320	3,292	3,113	3,972	4,729	4,014	3,283	3,167	3,100	3,133
COTTON, RAW													
India	Rs.	..	1,830	1,800	..	..	..	1,729	1,729	1,823	1,729	1,842	1,842
Korea	000 W.	..	630	929	..	..	..	..	2,388h	3,055	2,233	2,567	4,367
Pakistan	Rs.	..	1,879	2,109	2,218	2,502	2,748	3,422	3,178	2,647	2,831	2,672	2,365
U.K.	£	..	..	232	329	341	398	439	471	373	386	386	349
JUTE, RAW													
India	Rs.	..	1,070	1,110	1,100	1,100	1,100	1,102	2,144	1,828	2,122	1,929	1,433
Pakistan	Rs.	..	958	849	668	659	623	934	1,585	1,039	1,175	981	962
U.K.	U.S.$	90	385	..	315	311	311	437	..	437	507	409	396
U.S.A.	U.S.$	95	498	..	343	340	326	467	616	475	522	467	414

XI. WHOLESALE PRICE QUOTATIONS OF SELECTED COMMODITIES[a] *Contd.*

(Monthly averages per ton)

	Currency Unit	1938	1948	1949	1950	1950		1951					
						III	IV	I	II	III	Jul.	Aug.	Sep.
HEMP													
Philippines	P.	118	883	892	887	882	950	1,151	1,144	1,035	1,034	1,060	1,011
WOOL, RAW													
India	Rs.	..	1,963	2,030	3,990	3,090	6,710	5,861	5,234	4,049	4,832	4,295	3,020
Pakistan	Rs.	..	..	3,180	..	5,480	..	..	5,300	3,563	3,751	3,483	3,456
SILK, RAW													
India	000 Rs.	..	52.9	66.9	84.1	93.3	73.6	77 6	74.3	65.1	94.4	51.5	49.3
Japan	Mn. Y.	..	1.57	2.29	2.58	2.92	3.26	4.6	3.6	..	3.3	3.1	..
Korea	Mn. W.	..	7.1	11.6	..	..	..	..	51.2h	55.1	53.9	53.6	57.9
HIDES													
India	Rs.	..	2,160	2,010	2,000	2,060	2,200	4,134	4,390	3,436	3,693	2,480	4,134
Pakistan	Rs.	..	1,860	2,296	2,543	2,366	2,922	3,895	3,003	2,357	2,362	2,362	2,346
Thailand	000 baht	..	8.2	9.9	12.8	12.3	15.4	23.5	17.4	12.6	15.0	11.2	11.7
RUBBER, NATURAL													
Ceylon	Rs.	816	1,367	1,257	3,417	3,939	5,453	6,598	4,557	3,909	3,792	3,814	4,123
Indonesia	R.	..	1,176	1,077	5,958	7,343	10,173	12,100	8,880	8,140	7,920	8,040	8,460
Malaya	M$	539	944	855	2,386	2,820	3,959	4,753	3,706	3,262	3 131	3,190	3,467
Thailand	baht	..	6,531	6,233	12,155	12,249	20,312	21,779	19,104	17,570	16,655	16,935	19,120
U.K.	£	66	119	108	306	363	504	597	455	422	421	408	438
U.S.A.	U.S.$	324	483	388	906	1,078	1,517	1,594	1,455	1,146	1,146	1,146	1,146
Viet-Nam	000 Pr.	1.0	7.2	8.3	15.9	18.7	26.2	30.0	23 6	21.0	20.5	20.5	22.0
COAL													
India	Rs.	..	16.1	16.0	15.5	15.5	15.5	15.5	15.5	14 2	15.5	15.5	11.6
Indochina	Pr.	23	342	542	583	580	582	583	585	586	586	586	586
Pakistan	Rs.	..	83	89.2	89.3	89.3	89.3	78.7	78.7	..	78.7	..	..
Korea	000 W.	..	3.61	3.80	..	..	..	..	..	..	..	..	..
TIN													
Malaya	000 M$	1.60	4.53	4.46	6.04	6.37	8.33	10.94	9.11	7.09	6.95	6.97	7.35
Thailand d	000 baht	..	..	20.04	22.16	22.82	31.10	40.9	34.8	27.8	26.9	27.9	28.8
U.K.	£	187	543	596	734	733	1,027	1.318	1,091	925	853	930	992
U.S.A.	U.S.$	932	2,188	2,186	2,108	2,155	2,914	3,674	2,968	2,293	2,337	2,271	2,271
PIG IRON													
India	Rs.	..	111	111	105	105	105	105	105	122	105	131	131
Japan e	000 Y.	0.02	3.1	4.7	..	12.2	14.0	16.9	32.6	..	30.2	30.1	..
Korea	000 W.	..	15.0	27.5	..	..	..	..	20?h	206	200	2`0	217
CEMENT													
India	Rs.	..	83.7	81.2	81.2	81.2	81.2	81.2	86 0	94.6	95.5	95.1	93.2
Indochina	Pr.	30	746	961	986	976	976	976	1,009	1,076	1,076	1,076	1,076
Japan	000 Y.	..	2.79	4.12	5.01	4.82	5.43	6.41	7.57	..	8.37	8.40	..
Korea	000 W.	..	21.8	40.6	..	..	..	..	164.6h	312.0	222.0	350.0	366.0
Pakistan	Rs.	..	..	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93 8
COTTON YARN													
India	Rs.	..	2,620	3,130	3,060	3,060	3,060	3.255	3,785	..	..	3,792	..
Indochina	000 Pr.	1.8	50.1	45.0	50.8	47.6	50.1	57.3	66.6	68.6	69.6	69.6	66.6
Japan	000 Y.	..	87	280	373	357	417	474	796	..	728	637	..
COTTON FABRICS													
India	000 Rs.	..	4.1	3.9	3.6	3.6	3.6	3.9	4 3	4.3	4.3	4.3	4.3
Japan (meter)	Y.	..	..	62	79	90	108	117	120	..	98	92	..
JUTE BAGS (per hundred)													
India	Rs.	..	133	146	156	156	156	159	268	239	253	216	248
Pakistan	Rs.	..	151	174	196	190	179	189	216	206	204	208	207
JUTE (hessian)													
U.K.	U.S.$	183.7	658	..	559	559	559	718	803	889	889	889	889
U.S.A.	U.S.$	172.8	660	..	777	759	1,112	1,183	1.177	930	1,007	897	886

a. For details regarding specification and market centre see "Explanatory Notes to Table X" in Vol. I No. 1, and Footnotes to Table XI in Vol. I No. 2, and No. 3, Statistical Supplement to Vol. I and Vol. II No. 1.

b. Coconut oil for Ceylon, Malaya and the Philippines; groundnut oil for India; palm oil for Indonesia; and mustard oil for Pakistan.

c. India, raw cotton, Bengal Fine M.G. substituted from third quarter 1949 for original specification the price of which in the third quarter of 1949 was 1309.

e. Pig Iron No. 2 for casting substituted beginning July 1950, the quotation for the original specification i.e. Pig Iron for steel being 11.9 for July 1950.

d. Tin Ore.

g. October.

h. Beginning second quarter of 1951, all figures refer to Pusan.

i. December.

‡ 1939. † 1937.

XII. FINANCIAL STATISTICS[a]

	1938	1948	1949	1950	1950		1951					
					III	IV	I	II	III	July	Aug.	Sep.
BURMA (million Rs.)												
Currency and Deposit Money												
Currency: In circulation	..	360	418	394	385	369	436	472	421	442	420	402
Deposit money b	..	174	202	207	225	204	198	223	232	235	234	227
Commercial Banks												
Total deposits	108	199c	233	246	267	246	238	265	275	279	277	270
Assets: Cash	3	72c	109	69	74	57	48	54	59	62	57	58
Short term: Government	..	26	8	23	25	25	19	23	31	30	31	32
Short term: Other	48	67	60	100	91	108	170	151	140	143	141	135
Long term: Government	..	..	..	7	7	7	7	8	9	8	8	11
Union Bank of Burma												
Deposits: Total	..	108d	149	226	291	287	277	304	462	400	480	507
Government	..	44d	46	163	223	237	237	258	411	345	430	456
Foreign assets: Total	..	88d	172	216	271	279	288	293	448	388	472	483
Local assets:												
Short term: Government	..	6d	20	18	15	14	17	17	15	16	15	14
Long term: Government	..	10d	10	13	14	15	13	13	14	13	14	13
Bank Clearings	68	157c	128	139	151	144	165	150	145	147	147	141
CEYLON e (million Rs.)												
Currency and Deposit Money												
Currency—Net active	34	236	237	271	276	311	347	358	366	359	362	378
Deposit money b	..	579	621	475	488	549	661	672	629	656	637	622
Commercial Banks												
Total deposits	..	641	687	660	663	741	860	856	806	816	786	816
Assets: Cash	..	269	284	151	146	178	204	217	204	194	183	236
Short term	..	127	137	205	242	252	192	181	268	271	270	264
Long term	..	193	230	187	178	203	217	216	219	216	219	221
Central Bank of Ceylon												
Deposit: Total	..	..	..	189	177f	184	224	250	272	266	266	269
Government	..	..	..	20	3f	27	32	46	80	91	95	55
Foreign assets: Total	..	..	..	533	506f	552	617	660	685	677	674	704
Long assets												
Short term: Government	..	..	..	14	14f	14	14	14	14	14	14	14
Long term: Government	..	..	..	4	..	4	2	—	3	3	3	3
Bank Clearings	91	396	461	549	614	590	672	692	706	692	721	704
HONG KONG (million HK$)												
Currency and Deposit Money												
Notes: Total issued	..	778	840	803	802	807	807	806	804	805	804	802
Bank Clearings	..	689	917	1,199	1,408	1,566	1,615	1,534	1,482	1,455	1,609	1,382
INDIA g (1000 million Rs.)												
Currency and Deposit Money												
Currency: Net active	3.03h	13.58	12.38	12.49	12.22	12.35	13.37	13.82	12.67	13.09	12.61	12.32
Deposit money	1.35h	8.07	7.06	6.79	6.76	6.78	6.85	6.93	6.86	6.99	6.85	6.72
Scheduled Banks												
Total deposits	2.27	9.90	8.85	8.71	8.75	8.82	9.04	8.95	9.01	9.08	9.08	8.88
Assets: Cash	0.22	1.28	1.04	0.98	1.08	1.08	0.89	0.93	1.15	1.12	1.14	1.20
Short term	1.16	4.33	4.47	4.40	4.26	4.20	5.21	5.61	5.16	5.34	5.17	4.98
Long term	..	4.65i	3.74	3.73	3.82	3.90	3.45	3.20	3.31	3.21	3.36	3.35
Reserve Bank of India												
Deposits: Total	0.32	4.29	3.10	2.94	3.04	3.08	3.03	3.03	3.57	3.31	3.70	3.71
Government j	0.15	2.57	1.75	1.68	1.66	1.75	1.82	1.76	2.11	1.87	2.27	2.19
Foreign assets: Total	1.15	13.74	8.95	8.68	8.50	8.62	9.01	9.11	8.68	8.80	8.67	8.56
Banking Department	0.04	3.44	1.87	2.08	2.22	2.16	2.03	1.83	2.16	2.17	2.14	2.18
Issuing Department	1.11h	10.30	7.08	6.6	6.28	6.46	6.98	7.28	6.52	6.63	6.53	6.38
Local assets:												
Short term Government	0.02	0.01	0.03	0.02	0.03	0.02	0.03	0.07	0.05	0.05	0.05	0.05
Short term: Others	0.02	0.09	0.12	0.10	0.07	0.05	0.14	0.23	0.12	0.08	0.14	0.13
Long term: Total	0.39	2.83	5.01	5.21	5.23	5.27	5.70	6.02	5.89	6.00	5.92	5.77
Banking Department	0.06	0.75	1.00	0.76	0.71	0.90	0.93	0.90	0.94	0.83	0.90	1.09
Issuing Department	0.32	2.08	4.01	4.45	4.52	4.37	4.77	5.12	4.95	5.17	5.02	4.68
Bank Clearings	1.54	5.07	4.77	4.70	4.60	4.74	5.99	6.32	5.72	5.96	5.65	5.56
INDO-CHINA (million Pr.)												
Commercial Banks												
Total deposits	..	1,126	1284	1,616	1,602	1,769	1,902	2,173	2,194	2,122	2,184	2,277
Assets: Short term	..	338	600	707	689	721	611	626	748	722	707	815

XII. FINANCIAL STATISTICS *(Contd.)*

	1938	1948	1949	1950	1950		1951					
					III	IV	I	II	III	July	Aug.	Sep.
INDONESIA k (million R.)												
Currency and Deposit Money												
Currency: net active	188h	1,577h	1,740	2,203	2,238	2,621	2,903	3,140	3,241	3,211	3,227	3,285
Deposits Money	83h	884h	756	1,661	1,543	1,937	2,394	2,467	2,183	2,472	2,364	1,713
Bank of Java												
Foreign assets: Total	128h	..	551	868	770	1,242	1,504	1,684	1,875	1,848	1,902	1,874
Local assets:												
Short term: Government	3h	916h	972	2,007	2,030	2,445	2,782	2,035	1,584	1,723	1,500	1,530
Short term: Others	61h	..	70	138	169	194	173	395	527	493	501	587
JAPAN (1000 million Y.)												
Currency and Deposit Money												
Notes: Net Active m	2.9	338.1	294.0	315.2	307.4	357.2	378.1	385.1	392.1	388.6	393.0	394.7
Deposit money	5.3h	266.9	364.2	452.1	457.7	482.3	556.8	607.3	628.7	622.8	616.3	647.0
All banks except Bank of Japan												
Total deposits	19.1	326.4	613.9	893.4	917.1	997.4	1,132.2	1,237 6	1,317.1	1,292.7	1,295.0	1,363.6
Assets: Cash	1.2h	..	22.9h	21.6	22.0	22.3	27.8	25 2	26.8	26.2	27.2	27.0
Short term	12.7	248.3	496.8	825.8	855.5	945.8	1,029.3	1,16 .2	1,33 .5	1,273.3	1,329.3	1,389.0
Long term	5.8	68.2	115.4	117.4	120.4	132.7	141.0	150.3	159.4	156.3	159.4	162.4
Bank of Japan												
Deposits: Total	0.4	29.5	57.2	56.7	51.0	77.4	164.7	177.1	146.1	167.1	168.0	103.3
Government	0.3	10.4	35.2	37.8	32.7	55.6	139.6	155.3	125.5	147.2	147.4	81.8
Local assets;												
Short term: Government	--	69.0	94.1	78.1	89.9	67.7	51.1	42.6	42.2	42.6	42.6	41.4
Short term: Others	0.1	54.6	77.8	123.2	140.2	122.9	110.9	152.5	229.2	203.3	237.9	246.4
Long term: Government	1.8	153.8	182.3	143.7	123.2	136.3	133.4	127.3	113.4	130.4	129.6	80.0
Bank Clearings	..	235.7	549.2	808.0	819.6	1,009.4	1,066.1	1,260.3	1,256.6	1,310.0	1,279.4	1,180.5
KOREA, South (1000 million W.)												
Currency and Deposit Money												
Notes: In circulation	0.31	23.0	42.06	..	..	..	*304.22*	*328.09*	*439.97*	*430.26*	*440.39*	*449.26*
Deposit money	0.12	11.48	20.65	..	..	..	..	..	..	..	..	..
All Banks												
Total deposits	0.52	32 93	56.93	..	..	..	..	..	..	..	..	..
Assets: Cash	0.05	8.31	15.44	..	..	..	..	..	..	..	..	..
Short term	1.05	32.16	52.92	..	..	..	..	..	..	..	..	..
Long term	0.41	3.25	3.53	..	..	..	..	..	..	..	..	..
Bank of Korea												
Deposits: Total n	0.62	5.18	7.86	..	173.48	238.72	260.42	270,97	333.09	316.99	331.43	350.85
Government	..	..	..	..	93.94	136.72	140.59	135.30	161.40	148.67	156.20	179.62
Foreign assets:	..	..	..	..	6.47	6.47	6.43	6.64	7.63	8.30	7.57	7.01
Local assets:												
Short term: Government	..	..	..	..	148.40	291.22	445.02	539.38	651.92	623.62	652.74	679.40
Short term: Others	0.97	8.20	13.45	..	48.32	52.29	52.49	56.12	71.34	66.99	69.86	77.18
Long term	0.28	0.18	0.41	..	3 34	3.34	3.57	4.33	5.31	5.98	5.25	4.69
Bank Clearings	0 2	20.57	39.87	40.83	4.32	27.11	48.70	149.92	271.00	228.61	264.73	319.67
MALAYA (million M$)												
Currency and Deposit Money												
Currency: Total issued p	..	407	402	456	461	589	682	726	736	732	736	740
PAKISTAN q (million Rs.)												
Currency and Deposit Money												
Currency: In circulation	..	1,333	1,741	1,794	1,714	1,871	2,184	2,091	2,014	1,960	2,019	2,072
Deposit money	..	1,053	1,000	1,055	1,085	1,007	1,061	1,162	1,250	1,258	1,217	1,274
Scheduled Banks												
Total deposits	..	1,092	1,071	1,180	1,202	1,168	1,227	1,380	1,465	1,464	1,427	1,505
Assets: Cash	..	220	204	149	128	124	129	188	266	286	252	261
Short term	..	322	428	562	521	698	849	664	536	512	532	564
State Bank of Pakistan												
Deposits: Total	..	1,164	1,015	792	796	811	957	1,023	1,026	1,071	1,016	992
Government	..	912	794	604	599	643	811	819	741	770	745	706
Foreign assets:												
Banking Department	..	1,009	722	344	325	383	577	637	609	596	589	643
Issuing Department	..	1,204	1,618	1,272	1,130	1,156	1,321	1,337	1,334	1,334	1,334	1,334
Local assets:												
Short term: Government	..	117	111	103	102	103	59	72	100	99	99	101
Short term: Others	..	..	3	37	40	81	118	13	4	3	3	5
Long term:												
Banking Department	.	32	178	269	247	242	178	258	299	349	299	249
Issuing Department	..	25	97	469	519	650	784	669	605	555	605	655
Bank Clearings	..	300	525	362	366	400	602	392	365	387	374	334

XII. FINANCIAL STATISTICS *(Contd.)*

	1938	1948	1949	1950	1950		1951					
					III	IV	I	II	III	July	Aug.	Sep.
PHILIPPINES (million P.)												
Currency and Deposit Money												
Currency: Net active	141h	513	551	598	601	647	690	700	651	663	649	642
Deposit Money	73h	547	547	549	545	627	566	569	519	539	508	509
Commercial Banks												
Total deposits	..	870h	818	827	818	916	861	860	..	833	800	..
Assets: Cash	65h	313	203	209	184	286	*232*	..	..	..	..	..
Short term	210	..	563	536	520	523	544	581	..	621	632	..
Long term	49	..	84	62	69	71	69	75	..	..	..	..
Central Bank of Philippines												
Deposits: Total	..	..	144	164	148	238	185	193	232	210	255	231
Foreign assets: Total	..	400	607	482	459	582	561	563	533	534	542	522
Local assets:												
Short term: Others	..	..	30	63	63	42	54	29	31	30	40	25
Long term	..	..	20	130	139	156	163	211	231	232	231	231
Bank Clearings	26	381	443	462	445	481	453	452	459	471	467	440
Total Bank Debits to Checking Account	175	772	723	674	676	783	759	727	..	..	..	..
THAILAND (million baht)												
Currency and Deposit Money												
Notes: in circulation r	191h	2,237	2,505	2,610	2,564	2,938	3,387	3,490	*3,714*	3,469	*3,820*	*3,853*
Deposit money s	..	1,014	1,020	1,061	1,059	1,187	1,216	1,362	1,456	*1,406*	*1,507*	1,455
Commercial Banks												
Total deposits	53	786	829	867	864	963	1,000	1,117	1,181	1,140	1,193	1,211
Assets: Cash	13	369	330	274	255	325	317	470	443	408	450	471
Short term	28	406	546	609	598	610	694	696	719	710	712	736
Long term	8	102	101	96	104	103	96	92	93	93	94	93
Bank of Thailand												
Deposits: Total	..	717	1,166	1,447	1,542	1,488	1,454	1,730	1,730	1,724	1,726	1,890
Government	..	338	444	455	511	370	309	449	460	451	401	528
Foreign assets: Total	..	1,722	2,268	3,207	3 274	3,579	3,700	4,044	4,170	4,066	4,192	4,252
Local assets:												
Short term: Others		434	604	903	933	1,033	1,306	1,558	1,712	1,635	1,688	1,814
Long term:												
Banking Department	..	5	150	142	140	144	155	155	153	153	148	148
Issuing Department	..	951	755	500	500	500	512	561	573	574	574	573
Bank Clearings	..	774	1,112	1,544	1,653	1,814	2,100	1,931	1,946	1,831	2,004	2,003
Debits to sight Deposit	..	..	1,447h	2,068t	..	..	2,930	2,546	2,689	2,547	2,714	2,805

a **Net active currency:** Total issued less holdings in all banks including the central bank and the government treasuries. **Currency in circulation:** Total issued less holdings in all banks including the central bank. **Deposit money:** Deposits of all banks (including central bank) subject to checks but excluding inter-banking liabilities and central government deposits. **Cash of commercial banks:** Cash and balances with banks. **Short term assets:** Short term assets such as loans, advances and bills discounted. **Long term assets** Securities, bonds, debentures etc.
Figures refer to end of period for months and average of month ends for quarterly and annual figures, except in the case of bank clearings where monthly totals and their averages are used.

b Demand deposits of commercial banks.

c Average March-December.

d Average April-December.

e Figures up to and including 1949 are end of quarter and their averages. 1950 figures are end of months and their averages.

f Average of August and September.

g Figures for 1938 are average of weeks for the twelve months ending March 1939, except where indicated under h.

h End of year.

l Average of September-December.

j Central and other government deposits except 1938 which includes only those of the central government.

k Figures from September 1951 not comparable with previous figure as more refined method of computing net active currency is used.

m End of year for 1938, 1948, annual average (only 11 months) for 1949.

n The series up to and including February 1950 and different from series beginning June 1950 onwards as the former excludes Treasury Deposits, Government deposits in foreign currencing and special deposits for counterpart fund.

p The figures in the first of each month have been taken to represent end of month figures of the previous month.

q Average of July-December only for 1948.

r Total issued less amount held in Banking Department of the Bank of Thailand.

s Sight deposits with commercial banks and at the Bank of Thailand but excluding government deposits.

t Average of end of Quarter.

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